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83d CONGRESS
1st Session

H. R. 5710

IN THE HOUSE OF REPRESENTATIVES

JUNE 15, 1953

Mr. CHIPERFIELD introduced the following bill; which was referred to the Committee on Foreign Affairs

A BILL

To amend further the Mutual Security Act of 1951, as amended,
and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Mutual Security Act
4 of 1953".

5 CHAPTER I—MILITARY ASSISTANCE

6 SEC. 101. AUTHORIZATION OF APPROPRIATION.—

7 The Mutual Security Act of 1951, as amended, is amended by
8 adding at the end thereof the following new section:

9 "AUTHORIZATION OF APPROPRIATIONS

10 "SEC. 540. There is hereby authorized to be appro-

1 priated to the President for the fiscal year 1954 not to
 2 exceed \$2,079,689,870 to be available under section 101
 3 (a) (1) (relating to military assistance for Europe),
 4 of which not less than 50 per centum shall be made available
 5 only for the organization referred to in clause (C) of section
 6 2 (b) ; \$305,212,637 to be available under section 201 (re-
 7 lating to military assistance for the Near East and Africa) ;
 8 \$1,081,620,493 to be available under section 301 (relating
 9 to military and other assistance for Asia and the Pacific) ;
 10 and \$15,000,000 to be available under section 401 (relating
 11 to military assistance for Latin America). ”

12 CHAPTER II—MUTUAL DEFENSE FINANCING

13 SEC. 201. AUTHORIZATION OF APPROPRIATIONS.—

14 (a) The Mutual Security Act of 1951, as amended, is
 15 amended by adding after section 540 the following new
 16 section:

17 “SEC. 541. There is hereby authorized to be appro-
 18 priated to the President for the fiscal year 1954 not to
 19 exceed \$200,000,000 to carry out the provisions of section
 20 101 (a) (2) (relating to defense support and economic
 21 assistance for Europe), and not to exceed \$84,000,000 to
 22 carry out the provisions of section 302 (a) (relating to
 23 defense support, economic and technical assistance) for the
 24 National Government of the Republic of China and the
 25 Associated States of Cambodia, Laos, and Vietnam.”

1 (b) Such Act, as amended, is further amended by in-
2 serting after section 101 the following new section:

3 "SEC. 102. There is hereby authorized to be appro-
4 priated to the President for the fiscal year 1954, to be
5 made available on such terms and conditions (including
6 transfer of funds) as he may specify, (1) not to exceed
7 \$100,000,000 for manufacture in France of artillery, am-
8 munition, and semiautomatic weapons required by French
9 forces for the defense of the North Atlantic area, and (2)
10 not to exceed \$100,000,000 for manufacture in the United
11 Kingdom of military aircraft required by United Kingdom
12 forces for the defense of the North Atlantic area."

13 (c) Such Act, as amended, is further amended by in-
14 serting after section 303 the following new section:

15 "SEC. 304. There is hereby authorized to be appro-
16 priated to the President for the fiscal year 1954, to be
17 made available on such terms and conditions (including
18 transfer of funds) as he may specify, not to exceed \$400,-
19 000,000 for the procurement of equipment, materials, and
20 services (as defined in section 411 of the Mutual Defense
21 Assistance Act of 1949, as amended) which are required
22 by and are made available to, or are necessary for the sup-
23 port of, the forces of the Associated States of Cambodia,
24 Laos, and Vietnam and the forces of France located in such
25 Associated States."

1 CHAPTER III—MUTUAL SPECIAL WEAPONS PLANNING

2 SEC. 301. AUTHORIZATION OF APPROPRIATION.—

3 The Mutual Security Act of 1951, as amended, is amended
4 by adding after section 541 the following new section:

5 “SEC. 542. There is hereby authorized to be appro-
6 priated to the President for the fiscal year 1954 not to exceed
7 \$100,000,000 for the purpose of furnishing special weapons
8 to nations eligible to receive military assistance under this
9 Act or to the international organizations referred to in section
10 2 (b) (A) and 2 (b) (C) of this Act: *Provided*, That,
11 prior to the obligation of funds for this purpose, the President
12 shall determine that such obligation is of direct importance
13 to the security interest of the United States and is in further-
14 ance of the policies and purposes of the Mutual Defense
15 Assistance Act of 1949, as amended: *And provided further*,
16 That, prior to the transfer of such weapons, the President
17 shall determine (1) that the recipient is adequately prepared
18 to safeguard the security of such weapons; (2) that the
19 transfer of such weapons will be of direct importance to the
20 security interest of the United States; and (3) that such
21 transfer will further the purposes and policies of the Mutual
22 Defense Assistance Act of 1949, as amended. Nothing con-
23 tained in this section shall alter, amend, revoke, repeal, or
24 otherwise affect the provisions of any law restricting, limit-
25 ing, or prohibiting the transfer of any such weapons. Not-

1 withstanding any other provisions of this Act, funds made
2 available pursuant to this section may be used only for the
3 purpose of this section.”

4 CHAPTER IV—TECHNICAL ASSISTANCE

5 SEC. 401. AUTHORIZATION OF APPROPRIATION.—The
6 Mutual Security Act of 1951, as amended, is amended by
7 adding after section 542 the following new section:

8 “SEC. 543. There is hereby authorized to be appropri-
9 ated to the President for the fiscal year 1954 not to exceed
10 \$43,792,500 to carry out the provisions of section 203
11 (relating to economic and technical assistance for the Near
12 East and Africa) ; \$72,100,000 to carry out the provisions
13 of section 302 (a) (relating to defense support, economic
14 and technical assistance) other than for the National Gov-
15 ernment of the Republic of China and the Associated States
16 of Cambodia, Laos, and Vietnam; and \$24,342,000 to carry
17 out the provisions of section 402 (relating to technical as-
18 sistance for Latin America).”

19 CHAPTER V—SPECIAL REGIONAL ECONOMIC ASSISTANCE

20 SEC. 501. NEAR EAST AND AFRICA.—Section 206
21 (relating to refugees) of the Mutual Security Act of 1951,
22 as amended, is amended to read as follows:

23 “SEC. 206. In order to further the purpose of this Act
24 in the Near East and Africa, there is hereby authorized to
25 be appropriated to the President for the fiscal year 1954

1 not to exceed \$194,000,000 to be used, on such terms and
2 conditions as he may specify, to furnish special economic
3 assistance designed to promote the economic development of
4 the area, for relief and rehabilitation of refugees in the area,
5 and for other types of economic assistance to assist in main-
6 taining economic and political stability in the area. The
7 applicable provisions of the Act for International Develop-
8 ment (64 Stat. 204; 22 U. S. C. 1557), except the pro-
9 visions relating to the purpose for which assistance may be
10 given, or of section 503 (b) (3) of this Act, shall apply to
11 the expenditure of funds pursuant to this section to the extent
12 that they are not inconsistent with the purposes of this
13 section.”

14 SEC. 502. INDIA AND PAKISTAN.—Section 302 (re-
15 lating to economic and technical assistance for Asia and the
16 Pacific) of the Mutual Security Act of 1951, as amended,
17 is amended by redesignating subsection (b) as subsection
18 (c), and by inserting after subsection (a) the following
19 new subsection (b) :

20 “(b) In order to further the purpose of this Act in India
21 and Pakistan, there is hereby authorized to be appropriated
22 to the President for the fiscal year 1954 not to exceed \$94,-
23 400,000 to be used, on such terms and conditions as he may
24 specify (which shall include conditions and assurances to
25 enable the countries designated in this subsection to make

1 greater progress toward solving their mutual problems in
 2 cooperation with each other), to furnish special economic
 3 assistance designed to promote the economic development
 4 of such countries, and to assist in maintaining economic and
 5 political stability therein. The applicable provisions of the
 6 Act for International Development, except the provisions
 7 relating to the purpose for which assistance may be given,
 8 or of section 503 (b) (3) of this Act, shall apply to the
 9 expenditure of funds pursuant to this section to the extent
 10 that they are not inconsistent with the purposes of this
 11 section.”

12 CHAPTER VI—MULTILATERAL ORGANIZATIONS

13 SEC. 601. MOVEMENT OF MIGRANTS.—Section 534
 14 (relating to the movement of migrants) of the Mutual
 15 Security Act of 1951, as amended, is amended by adding at
 16 the end thereof the following new sentence: “There is hereby
 17 authorized to be appropriated to the President not to exceed
 18 \$10,000,000 for contributions during the calendar year 1954
 19 to the Intergovernmental Committee for European Migra-
 20 tion.”

21 SEC. 602. MULTILATERAL TECHNICAL COOPERA-
 22 TION.—The Mutual Security Act of 1951, as amended, is
 23 amended by adding after section 543 the following new
 24 section:

25 “SEC. 544. There is hereby authorized to be appro-

1 appropriated to the President for the fiscal year 1954 not to exceed
2 \$13,750,000 for multilateral technical cooperation under sec-
3 tion 404 (b) of the Act for International Development.”

4 SEC. 603. CHILDREN’S WELFARE.—The Mutual Security
5 Act of 1951, as amended, is amended by adding after section
6 544 the following new section:

7 “SEC. 545. There is hereby authorized to be appropriated
8 to the President not to exceed \$9,000,000 for contributions
9 during the calendar year 1954 for the support of interna-
10 tional children’s welfare work in such manner and on such
11 terms and conditions as he may deem to be in the interests
12 of the United States.”

13 SEC. 604. OCEAN FREIGHT.—Section 535 (relating to
14 the payment of ocean freight charges on relief shipments)
15 of the Mutual Security Act of 1951, as amended, is amended
16 by adding at the end thereof the following new sentence:
17 “There is hereby authorized to be appropriated to the Presi-
18 dent for the fiscal year 1954 not to exceed \$825,000 for
19 use in paying ocean freight charges under section 117 (c)
20 of the Economic Cooperation Act of 1948, as amended.”

21 SEC. 605. UNITED NATIONS KOREAN RECONSTRUC-
22 TION AGENCY.—Section 303 (a) (relating to Korean relief)
23 of the Mutual Security Act of 1951, as amended, is amended
24 as follows:

(a) Add at the end the following new sentence:

“There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$71,000,000 for making contributions to the United Nations Korean Reconstruction Agency.”

(b) In the third sentence, strike out “\$67,500,000” and insert in lieu thereof “\$40,750,000”.

CHAPTER VII—FURTHER CHANGES IN EXISTING

MUTUAL SECURITY LEGISLATION

SEC. 701. PACIFIC PACT.—Section 2 (b) of the Mutual Security Act of 1951, as amended, is amended by adding at the end thereof the following new sentence: “The Congress favors the negotiation of a Pacific Pact, consistent with the provisions of the United Nations Charter, for the common defense of the free peoples of the Far East, South Asia, and the Pacific Ocean area, and the participation therein of the United States.”

SEC. 702. TRANSFERS OF FUNDS.—(a) Section 101 (b) of the Mutual Security Act of 1951, as amended, is amended (1) by striking out “granted pursuant to” both times it appears therein and inserting in lieu thereof “made available under”, and (2) by striking “this section” out of the first proviso and inserting in lieu thereof “section 546 of this Act”.

(b) Section 202 of such Act, as amended, is amended

1 by striking out “pursuant to section 201” and inserting in
2 lieu thereof “under section 201”.

3 (c) The first sentence of section 513 (a) of such Act,
4 as amended, is amended to read as follows: “Whenever the
5 President determines it to be necessary for the purpose of
6 this Act, funds made available under sections 101 (a) (1),
7 201, 301, and 401 may be transferred among such sections,
8 except that not more than 10 per centum of the funds avail-
9 able under any such section may be transferred from that
10 section; and funds made available under sections 101 (a)
11 (2), 203, 302 (a), and 402 may be transferred among
12 such sections, except that not more than 10 per centum of
13 the funds available under any such section may be transferred
14 from that section. Funds so transferred shall be consoli-
15 dated with the funds available under the section to which
16 they are transferred. The determination of amounts author-
17 ized to be transferred under this subsection shall be made
18 without reference to any balances of prior appropriations
19 continued available pursuant to section 546 of this Act.”

20 SEC. 703. UNEXPENDED BALANCES.—The Mutual
21 Security Act of 1951, as amended, is amended by adding
22 after section 545 the following new section:

1 "UNEXPENDED BALANCES

2 "SEC. 546. The unexpended balance under each para-
3 graph of title III, Mutual Security, of the Supplemental
4 Appropriation Act, 1953, is hereby authorized to be con-
5 tinued available for its original purposes through June 30,
6 1954, and may be consolidated with the appropriate fiscal
7 year 1954 appropriation made for the same general purpose
8 under the authority of this Act."

9 SEC. 704. ESCAPEES.—Paragraph 101 (a) (1) of title
10 I (relating to Europe) of the Mutual Security Act of 1951, as
11 amended, is amended (1) by deleting the word "similarly"
12 before the word "determined", (2) by inserting "or any
13 Communist-dominated or Communist-occupied areas of Asia"
14 immediately after "Austria" and before "and any other
15 countries absorbed by the Soviet Union", and (3) by strik-
16 ing out "and to the security of the United States" and insert-
17 ing in lieu thereof "or to the security of the United States".

18 SEC. 705. AUTHORITY FOR ASSISTANCE TO KOREA.—
19 The first sentence of section 302 (a) (relating to economic
20 aid and technical assistance) of the Mutual Security Act of
21 1951, as amended, is amended by striking out "(but not
22 including the Republic of Korea)".

1 SEC. 706. Title V (relating to organization and general
2 provisions) of the Mutual Security Act of 1951, as amended,
3 is further amended as follows:

4 (a) PERSONNEL CEILING EXEMPTION FOR NEW MILI-
5 TARY ASSISTANCE PROGRAMS.—Amend section 504 (d)
6 (relating to reduction in personnel) to read as follows:

7 “(d) (1) On and after January 1, 1954, the number
8 of United States citizens employed by the Mutual Security
9 Agency shall be at least 10 per centum less than the number
10 employed by the Mutual Security Agency on June 30, 1953.

11 “(2) Ninety days after the enactment of the Mutual
12 Security Act of 1952, the number of civilian employees who
13 are United States citizens, receiving compensation or allow-
14 ances from the administrative expense appropriations au-
15 thorized by this Act, employed in the United States and
16 overseas by or assigned to the Mutual Security Agency, or
17 employed by or assigned to the Department of State or the
18 Department of Defense for carrying out programs the
19 appropriations for which are authorized by this Act, and
20 the military personnel assigned to such programs, shall be
21 in the aggregate at least 5 per centum less than the number
22 so employed or assigned on June 1, 1952, except for such
23 personnel of the Department of Defense engaged in the
24 manufacturing, repair, rehabilitation, packing, handling, crat-
25 ing, or delivery of materiel.

1 “(3) Ninety days after the enactment of the Mutual
2 Security Act of 1953, the number of civilian employees who
3 are United States citizens, receiving compensation or allow-
4 ances from the administrative expense appropriations author-
5 ized by this Act, employed in the United States and over-
6 seas by or assigned to the Mutual Security Agency or em-
7 ployed by or assigned to the Department of State or the
8 Department of Defense for carrying out programs the appro-
9 priations for which are authorized by this Act shall be in the
10 aggregate at least 5 per centum less than the number so
11 employed or assigned on January 31, 1953, except for such
12 personnel of the Department of Defense engaged in the
13 manufacturing, repair, rehabilitation, packing, handling, crat-
14 ing, or delivery of materiel.

15 “(4) After the Director has determined the reduction
16 to be effected in each agency under paragraph (3), the
17 determination as to which individual employee shall be re-
18 tained shall be made by the head of the agency concerned.

19 “(5) The Director for Mutual Security shall cause
20 studies to be made from time to time for the purpose of de-
21 termining whether further reductions in personnel are feasible
22 and consistent with the accomplishment of the purposes of
23 this Act.

24 “(6) After July 1, 1953, the following categories of

1 military personnel carrying out programs under the Mutual
2 Defense Assistance Act of 1949, as amended, shall be in
3 addition to the personnel ceiling established under paragraph
4 (2) of this subsection:

5 “(A) Military personnel carrying out such pro-
6 grams in the Associated States of Cambodia, Laos, and
7 Vietnam, over and above the number so engaged before
8 July 1, 1953,

9 “(B) Military personnel carrying out such pro-
10 grams for any countries in which no such programs were
11 in operation on July 1, 1953,

12 “(C) Military personnel carrying out such pro-
13 grams for international organizations and headquarters
14 established after July 1, 1953.”

15 (b) SPECIAL USE OF FUNDS.—Amend section 513 (b)
16 (relating to special use of funds) to read as follows:

17 “(b) Not more than \$100,000,000 of the funds made
18 available under this Act, of which not more than \$20,000,000
19 may be allocated to any one country, may be used in any
20 fiscal year by the President, to be expended, without regard to
21 the requirements of this Act, or any other Act for which funds
22 are authorized by this Act, in furtherance of the purposes of

1 such Acts, when the President determines that such use is
2 important to the security of the United States. The President
3 shall notify the Committee on Foreign Relations of the Senate
4 and the Committee on Foreign Affairs of the House of Repre-
5 sentatives upon making any such determination.”

6 (c) REPEAL.—Repeal section 516.

7 (d) GUARANTIES.—Amend section 520 (relating to
8 investment guaranties) to read as follows:

9 “GUARANTIES

10 “SEC. 520. Funds realized from the sales of notes pur-
11 suant to section 111 (c) (2) of the Economic Cooperation
12 Act of 1948, as amended, shall be available for making
13 guaranties of investments in accordance with the applicable
14 provisions of sections 111 (b) (3) and 111 (c) (2) of
15 the Economic Cooperation Act of 1948, as amended, in any
16 country with which the United States has agreed to institute
17 the guaranty program, notwithstanding the provisions of
18 section 511 of this Act.”

19 (e) TERMINATION OF PROGRAM.—Amend section
20 530 (relating to the expiration of the Mutual Security
21 Program) by striking out “twelve months” and “twelve-
22 month” wherever appearing therein, and by inserting in lieu

1 thereof “twenty-four months” and “twenty-four-month”,
2 respectively.

3 (f) UNDERDEVELOPED AREAS.—Add after section 546
4 the following new section:

5 “UNDERDEVELOPED AREAS

6 “SEC. 547. Whenever funds are made available under
7 this Act for assistance, other than military assistance, to any
8 economically underdeveloped area, such funds may be used
9 under the applicable provisions of section 503 (b) (3) or
10 the applicable provisions of the Act for International De-
11 velopment. Where administrative arrangements, including
12 provisions relating to compensation and allowances of per-
13 sonnel, authorized under section 503 (b) (3), differ from
14 those authorized by the Act for International Development,
15 the Director may make use of arrangements authorized under
16 either statute, in carrying out such programs, except that
17 before extending the provisions of section 109 (a) of the
18 Economic Cooperation Act of 1948, as amended, to countries
19 in which programs authorized under the Act for Inter-
20 national Development are being carried out, the Director
21 will secure the approval of the Secretary of State.”

22 (g) USE OF LOCAL CURRENCY.—

23 (1) Strike out the next to the last sentence of section
24 521 (relating to administrative expenses).

25 (2) Add after section 547 the following new section:

1 "UNITED STATES USE OF FOREIGN CURRENCY

2 "SEC. 548. (a) The several amounts otherwise author-
3 ized by this Act to be appropriated are authorized to be
4 increased by amounts which shall not, in the aggregate,
5 exceed \$98,396,000.

6 "(b) Amounts appropriated pursuant to any authoriza-
7 tion contained in this Act are authorized to be made available
8 for purchase of foreign currencies (including foreign cur-
9 rencies or credits owed to or owned by the United States) :
10 *Provided*, That such currencies or credits are authorized to
11 be made available for use, without reimbursement to the
12 Treasury, for liquidation of obligations legally incurred
13 against such currencies prior to July 1, 1953."

14 (h) NEAR EAST REFUGEES.—Add after section 548 the
15 following new section:

16 "SEC. 549. (a) In order to contribute to the peace and
17 stability of the Near East in particular and of the world in
18 general, the Director for Mutual Security shall, in consulta-
19 tion with the Secretary of State, make a survey of the refugee
20 situation in the Near East and report the results of the survey
21 to the Congress within ninety days after the Mutual Security
22 Act of 1953 is enacted, together with recommendations for
23 seeking a solution. In the making of such report and recom-
24 mendations, especial consideration shall be given to a pro-
25 gram which would utilize the services and talents of these

1 refugees to develop and expand the resources of the area,
2 including its water resources.

3 “(b) In carrying out his duties under this section, the
4 Director for Mutual Security shall consult with the Com-
5 mittee on Foreign Relations of the Senate and the Com-
6 mittee on Foreign Affairs of the House of Representatives,
7 and shall keep these committees constantly and fully in-
8 formed of the action which he takes to carry out the pro-
9 visions of this section.”

10 SEC. 707. The Mutual Defense Assistance Act of 1949,
11 as amended (22 U. S. C. 1571-1604), is further amended
12 as follows:

13 (a) EXCESS EQUIPMENT.—Immediately before the
14 period in the next to last sentence of section 403 (d) (re-
15 lating to limitation on furnishing of excess equipment), insert
16 a comma and the following: “and after June 30, 1953, by
17 an additional \$200,000,000”.

18 (b) SALES OF MILITARY EQUIPMENT.—Amend section
19 408 (e) by adding at the end thereof the following new
20 paragraph:

21 “(4) The provisions of section 530 (a) of the Mutual
22 Security Act of 1951 (relating to expiration of program)
23 shall not apply in the case of the transfer, or procurement
24 for transfer, under this subsection, of parts, components, and
25 equipment required for the maintenance or repair of military

1 end items (as referred to in section 506 (c) of the Mutual
2 Security Act of 1951) previously supplied under this Act or
3 the Mutual Security Act of 1951.”

4 (c) DEPENDABLE UNDERTAKING PROCEDURE.—Amend
5 the last sentence of section 408 (e) (2) (relating to sales
6 of military equipment) by striking out “such nation” and by
7 inserting in lieu thereof “such nation, or international military
8 organization or headquarters,”.

9 (d) LOANS OF EQUIPMENT.—Amend section 411 (d)
10 (containing definitions) to read as follows:

11 “(d) The term ‘services’ shall include any service,
12 repair, training of personnel, or technical or other as-
13 sistance or information necessary to effectuate the pur-
14 poses of this Act, including loans of limited quantities of
15 equipment for designated periods solely for test and
16 study purposes.”

17 SEC. 708. The remaining provisions of the Economic
18 Cooperation Act of 1948, as amended (22 U. S. C. 1503-
19 1519), are further amended as follows:

20 (a) TERM OF GUARANTIES.—Amend section 111 (b)
21 (3) (relating to guaranties) by striking out “which guaran-
22 ties shall terminate not later than fourteen years from the
23 date of enactment of this Act”, and by inserting in lieu
24 thereof “which guaranties shall be limited to terms not ex-
25 ceeding twenty years from the date of issuance”.

1 (b) GUARANTIES.—Amend section 111 (b) (3) (v)
2 (relating to guaranties) by inserting immediately after “par-
3 ticipating country” the following: “or by reason of war,
4 revolution, or civil disorder”.

5 (c) COUNTERPART LOANS.—Amend the last proviso
6 of section 115 (b) (6) (relating to counterpart funds)
7 by striking out “shall be redeposited in such special account”,
8 and by inserting in lieu thereof the following: “prior to ter-
9 mination of assistance to such country shall be reused only
10 for such purposes as shall have been agreed to between the
11 country and the Government of the United States”.

12 (d) USE OF LOCAL CURRENCY.—Amend section 115
13 (h) by striking out “including” and inserting in lieu thereof
14 the following: “and, without regard to section 1415 of the
15 Supplemental Appropriations Act, 1953, for”.

83d CONGRESS
1ST SESSION

H. R. 5710

A BILL

To amend further the Mutual Security Act of 1951, as amended, and for other purposes.

By Mr. CHIPERFIELD

JUNE 15, 1953

Referred to the Committee on Foreign Affairs

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 16, 1953
For actions of June 15, 1953
83rd-1st, No. 108

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HIGHLIGHTS: Senate passed USDA appropriation bill. President approved 3rd supplemental appropriation bill. Senate committee reported bill to transfer surplus wheat to Pakistan. Senate committee reported bill extending mutual security program for 1954, and then referred it to Armed Services Committee. Senate received committee report investigating importation of Canadian feed wheat. Sen. Williams inserted total CCC expenditures and losses since 1933. House completed final congressional action on Extension Service consolidation bill. House passed trade agreements extension bill. House committee ordered reported mutual security bill. Conferees agreed on bill amending leave law. Sen. Welker introduced and discussed bill to prohibit blending of unfit wheat. Rep. Burleson introduced bill authorizing CCC to transfer surplus commodities to MSA. Rep. Dague introduced bill amending Federal Seed Act.

SENATE

1. AGRICULTURAL APPROPRIATION BILL, 1954. Passed with amendments this bill, H.R. 5227 (pp. 6679-717). Sens. Young, Ferguson, McCarthy, Mundt, Aiken, Russell, Hayden, and McCarran were appointed conferees (p. 6717).

Agreed to the following amendments in addition to the committee amendments:

By Sen. Thye, to increase the appropriation for the Agricultural Marketing Act (RMA, Title II) from \$5,250,000 to \$5,290,000 to provide for a market news and statistical service for the turkey industry (pp. 6684-5).

By Sen. Watkins, to add an item of \$10,000 for acquisition of land to facilitate control of soil erosion and flood damage in the Cache National Forest, Utah (pp. 6711-12).

Sen. Williams proposed an amendment to make the advance authorization for the Agricultural Conservation Program for the crop year 1954 \$140,000,000, and to reduce the maximum amount of individual payments from \$1,500 to \$1,000. Sen. Russell proposed a substitute amendment to increase the authorization to \$225,000,000. On a 38-36 vote the Senate agreed to substitute the Russell amendment for the Williams amendment. However, the substitute amendment was defeated by a tie vote, 38-38. Sen. Williams then proposed an amendment to make the advance authorization \$145,000,000. This amendment was rejected, 22-51. (pp. 6686-707.)

Rejected the following additional amendments:

By Sen. Mouroney, to increase flood prevention from \$7,000,000 to \$12,000,000, the amount of the original budget estimate (pp. 6707-11).

By Sen. Young (on behalf of the committee and under a motion to suspend the rules), to provide that the additional amounts for the rural electrification program may be distributed in any State or Territory, in addition to other sums, except that not over 20% could be distributed to any one State (pp. 6713-14).

2. FOREIGN AID. The Agriculture and Forestry Committee reported with amendments S. 2112, to provide for the transfer of price-support wheat to Pakistan (S. Rept. 404) (p. 6657).
The Foreign Relations Committee reported (during recess on June 13), an original bill, S. 2128, extending the mutual security program for 1954 (S. Rept. 403) (p. 6657). This bill was then referred to the Armed Services Committee in order that an examination may be made of the arms features of the bill (p. 6658).
3. CCC OPERATIONS. Sen. Williams inserted the Budget Bureau's letter outlining total CCC expenditures and losses since its inception in 1933 (pp. 6717-8).
4. WHEAT IMPORTS. Received a report on hearings held to date by the Agriculture and Forestry Committee investigating the importation of feed wheat from Canada (S. Rept. 410) (p. 6661).
5. PERSONNEL. The Post Office and Civil Service Committee reported with amendments S. 1684, to facilitate civil-service appointment of persons who lost opportunity therefor because of service in the armed forces after June 30, 1950, etc. (S. Rept. 405) (p. 6661).
6. WAR POWERS. The Judiciary Committee reported without amendment S. 1237, to extend title 2 of the First War Powers Act (contract authority of the President) through June 30, 1954 (S. Rept. 407) (p. 6661).
7. TREATIES. The Judiciary Committee reported with amendments S. J. Res. 1, which would amend the Constitution to restrict the President's treaty-making power, accompanied by minority and individual views (S. Rept. 412) (p. 6661).
8. FOREIGN POLICY; FARM PRICES. Sen. Wiley inserted his speech made before the Wis. Republican Convention urging support for the Administration's foreign policy and claiming the Administration has given most serious consideration to the problem of declining farm prices (pp. 6672-4).
9. ELECTRIFICATION; RECLAMATION. Sen. Kefauver inserted a letter to the President from 101 signatories representing farm groups and others protesting the Administration's abandonment of the Hells Canyon project and urging the Corps of Engineers, Reclamation Bureau, and USDA to oppose the Idaho Power Company's plan before the FPC to construct smaller dams (pp. 6678-9).
10. HOUSING; INTEREST RATES. As reported (see Digest 106), S. 1993 (1) makes the maximum interest rates for the various mortgage insurance programs under the National Housing Act consistent with each other; (2) revises the maximum interest rate on direct veteran home loans under the Servicemen's Readjustment Act of 1944, as amended, so as to conform to the maximum interest rate for guaranteed loans under that act; (3) clarifies the Veterans' Administrator's

19. PUBLIC LANDS. Passed without amendment H.R. 1308, to amend the Color of Title Act (p. 6729).
20. LOBBYING. Received the compilation of all registrations and quarterly reports for the second quarter of 1953 filed by persons engaged in lobbying activities (pp. 6782-816).
21. LAND TRANSFER; RESEARCH. Both Houses received from this Department proposed legislation to authorize the Secretary to convey to N. C. a tract of approximately 134 acres, together with buildings and improvements thereon, which BRISAE has been using as cotton field station; to House Agriculture Committee and Senate Agriculture and Forestry Committee (pp. 6779, 6658).

BILLS APPROVED BY THE PRESIDENT

22. PERSONNEL. S. 1870, to extend the time of the Committee on Retirement Policy for Federal Personnel for its report to Congress from Dec. 31, 1953, to June 30, 1954. Public Law 54, 83rd Cong., approved June 6, 1953.
23. FLOOD CONTROL. S. 261, approves the Connecticut River Flood Control Compact. Public Law 52, 83rd Cong., approved June 6, 1953.
24. APPROPRIATIONS. H.R. 4664, 3rd supplemental appropriation bill, 1953. Public Law 59, 83rd Cong., approved June 15, 1953. For items included in this Act for USDA see Digest 106.

ITEMS IN APPENDIX

25. LIVESTOCK. Rep. Miller inserted Secretary Benson's speech before the Nebraska Stock Growers' Ass'n. discussing some of the problems of the livestock industry and the Department's program to alleviate the "cost-price squeeze which has been hurting agriculture" (pp. A3605-7).
26. POSTAL RATES. Extension of remarks of Rep. Hagen opposing the proposed increase in postal rates and inserting his press statement on this subject (p. A3619).
27. TVA. Sen. Kefauver inserted a Tenn. Railroad and Public Utilities Commission letter opposing proposed reduction in TVA appropriations (p. A3630).
Extension of remarks of Rep. Frazier stating that many of the "original TVA objectives as defined by Congress have been substantially achieved" and opposing proposed appropriation reductions (pp. A3669-70).
28. BUTTER. Sen. Thye inserted a Washington Post editorial, "Europe Farm Editors Miss Their Butter," outlining visits of 16 European farm editors to see how American farmers make use of news and information disseminated by farm publications (p. A3638).
29. WEED CONTROL. Sen. Mundt inserted a Farm Journal article describing the weed control program in S. Dak. (p. A3641).
30. GOVERNMENT ECONOMY. Sen. Martin inserted his recent speech outlining programs for an expanding economy and stating that the "new administration is putting all its effort into the job of getting the Nation back on a sound financial footing" (pp. A3645-6).

authority, with the approval of the Secretary of the Treasury, to vary the rates below the maximum as well as up to maximum; and (4) extends for 1 year the direct home loan program with an additional \$100 million authorization to be made available at the maximum rate of \$25 million per calendar quarter.

HOUSE

11. EXTENSION SERVICE. Passed without amendment S. 1679, to consolidate Extension Service authorizations (pp. 6727-29). This bill will now be sent to the President.
12. FOREIGN TRADE. Passed, by 363-35, without amendment H.R. 5495, to extend the President's authority to enter into reciprocal trade agreements (pp. 6731-74). (For summary see Digest 107.) The debate included discussions on the relationship of foreign trade to agriculture.
13. FOREIGN AID. The Foreign Affairs Committee ordered reported (but did not actually report) H.R. 5710, the Mutual Security Act of 1953 (p. D556). The Committee was given permission until midnight to file its report on this bill (p. 6731).
14. PERSONNEL. The "Daily Digest" states that the "conferees, in executive session, reached agreement on... H.R. 4654, providing for exemption from Annual and Sick Leave Act of 1951 of certain officers. Major agreements of the conferees are as follows:
 "1. Top Government positions of Cabinet rank, and such others as the President may designate (with the exception of postmasters, U.S. attorneys, and marshals), would be removed from the Annual and Sick Leave Act of 1951; this will not affect leave accrued by such personnel prior to enactment of this proposed legislation; and
 "2. The so-called Thomas leave rider would be repealed as of June 30, 1953, and the Annual and Sick Leave Act of 1951 would be amended so as to limit future total accruable leave and total lump-sum cash payment to 30 days."
15. APPROPRIATIONS. The Rules Committee reported a resolution for consideration of H.R. 5690, second independent offices appropriation bill for 1954 (p. 6779). The bill includes funds for the Tennessee Valley Authority, Veterans' Administration, and Selective Service System.
 Received from the President supplemental appropriation estimates for the executive branch for 1954; to Appropriations Committee (H. Doc. 176) (p. 6779). This document includes the estimate of \$350,000 for defense production activities of this Department.
16. RECLAMATION. The Interior and Insular Affairs Committee reported without amendment H.R. 1991, relating to certain construction-cost adjustments at the Greenfields division of the Sun River irrigation project, Mont. (H. Rept. 554) (p. 6779).
17. TRANSPORTATION. The Interstate and Foreign Commerce Committee reported with amendment H.R. 3792, to authorize the ICC to revoke, etc., water carrier certificates and permits under certain conditions (H. Rept. 557) (p. 6779).
18. WAR POWERS. The Judiciary Committee reported without amendment H.R. 2557, to continue title 2 of the First War Powers Act (contract authority of the President) through June 30, 1954 (H. Rept. 558) (p. 6779).

and amendments thereto to final passage without intervening motion except one motion to recommit.

COMMITTEE ON FOREIGN AFFAIRS

Mr. VORYS. Mr. Speaker, I ask unanimous consent that the Committee on Foreign Affairs may have until midnight tonight to file a report on the bill H. R. 5710.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

TRADE AGREEMENTS EXTENSION ACT OF 1953

Mr. ALLEN of Illinois. Mr. Speaker, I call up House Resolution 275 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 5495) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill, and shall continue not to exceed 2 hours to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment. No amendments shall be in order to said bill except amendments offered by direction of the Committee on Ways and Means or an amendment proposing to strike out title II of the bill, and said amendments shall be in order, any rule of the House to the contrary notwithstanding. Amendments offered by direction of the Committee on Ways and Means may be offered to any section of the bill at the conclusion of the general debate, but such amendments shall not be subject to amendment. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommit.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 30 minutes to the gentleman from Virginia [Mr. SMITH] and yield myself such time as I may desire.

Mr. Speaker, I urge the adoption of this resolution which provides for the consideration of the bill (H. R. 5495) to extend the authority of the President of the United States to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended. H. R. 5495 proposes to extend that authority until June 12, 1954.

Mr. Speaker, the Committee on Ways and Means has reported this measure practically unanimously, which clearly indicates, I believe, that there will not be much opposition to the rule or to the bill. Another purpose of this measure is to increase the membership of the Tariff Commission from 6 to 7 members.

This is not exactly an open rule, neither is it exactly a closed rule. It is what you might probably consider a

limited rule. It gives the members of the Committee on Ways and Means the right to offer amendments and it also gives a clear-cut vote on the so-called Cooper amendment in regard to the increase of the Tariff Commission from 6 to 7 members. This was the main point in controversy, and I repeat that it gives the membership an absolute vote on that question.

I think, Mr. Speaker, I should inform the House that no motion to strike out the last word is in order; therefore debate on the so-called Cooper amendment to strike out title II will be limited to 10 minutes, 5 minutes for and 5 minutes against.

Mr. Speaker, I urge the adoption of this resolution.

Mr. SMITH of Virginia. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. MILLER].

Mr. MILLER of California. Mr. Speaker, I ask unanimous consent to proceed out of order and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. MILLER of California. Mr. Speaker, I wish to direct the thoughtful attention of my colleagues of the House of Representatives to the lamentable plight in which the classified civil-service employees and faithful postal workers find themselves.

The Congress has reserved to itself the right of fixing the salaries of the people in these groups. In the case of certain skilled artisans and production workers, it has delegated this authority to wage boards who can act to adjust salaries on their own initiative, subject, of course, to certain limitations of law. People employed in those fields know to whom to go with their pleas for relief.

This is not the case with classified employees or postal workers. They must come to a Congress worried by the momentous affairs of the day who have a tendency to consider this responsibility secondary to more pressing problems.

It means little to us—just another chore, another bill to pass—but to our employees it means the difference between happiness, contentment, and a full life and living debt ridden on the ragged edge of poverty.

Never in the years that I have been here have we ever granted our loyal, hard-working Government workers a salary increase in keeping with the ever-rising cost of living. We have temporized. We have turned to expediency in the name of economy.

We have lagged in their salary adjustments. We have pursued the unrealistic policy of letting the cost of living run away ahead of their salaries and then only partially closing the ever-widening gap.

An upward salary adjustment for classified employees and postal workers is now overdue. In justice to them we should act at once.

Our pennywise and pound foolish policy is undermining the morale of Government workers. We have sniped at

the fringe privileges that they once enjoyed through the adoption of riders on appropriation bills. We have caused confusion in their minds by the introduction of other riders that would destroy the implied guaranties of tenure, one of the baits we hold out to get people to enter Government service, riders that would substantially abolish job rights, including veterans' preference.

The newspapers say that we are shooting for a July 31 adjournment. If this is the case it is all the more reason that we should act with dispatch on this problem so important to so many.

Put yourself in the position of a Government worker in the middle bracket trying to maintain a home and a family in the proud American tradition. Analyze the cost of living of this group. Compare it with their salaries. I had a survey made by postal workers some time ago. We found 75 percent of them had to supplement their incomes with either outside jobs or have their wives work. This, you will agree, is not a happy, wholesome condition.

These people feel frustrated. They know not to whom to turn except to us and we find ourselves too busy to give their just case the prompt attention it warrants.

They cannot strike as can employees of industry. Why the very officers of their organizations or unions cannot officially be recognized by the heads of several agencies of Government. We should, at least, accord them this privilege so that they would then have a spokesman to plead their cause.

Let us, in the interest of economy, recognize the plight of our faithful employees to a proper upward salary adjustment and let us act at once.

Mr. SMITH of Virginia. Mr. Speaker, I yield 5 minutes to the gentleman from Mississippi [Mr. SMITH].

Mr. SMITH of Mississippi. Mr. Speaker, I desire to speak in support of this rule, which I think is wisely reported by the Committee on Rules, to give the Members of Congress and Members of the House an opportunity to vote upon the provisions of H. R. 5495, which adds a seventh member to the United States Tariff Commission.

The reasons why this extra member of the Commission should not be added are numerous. I think there are several that might be pointed out to those Members who are especially interested in certain types of temporary or intermediate protection in regard to products manufactured in their districts.

It should be pointed out that under the bill as brought out none of the so-called protection that was attempted to be provided in the original Simpson bill is provided in this bill. The only new protection in the bill is the addition of a partisan member to the United States Tariff Commission, in violation of a precedent that was established in 1916 and has been in existence through some 20 years of Democratic administration and 12 years of Republican administration.

May I point out to my friends on the Republican side that if this provision is adopted into law it is going to work great

hardship and embarrassment upon their Republican President and upon them as Members of Congress, because it is going to mean that more and more cases are going to have to be presented to the President where he will have to reverse the action of the Tariff Commission. This means you are going to have a bad situation all the way through in the sense that you are going to be called upon to ask the President to uphold the Tariff Commission, but the President is going to have to reverse the Tariff Commission in line with his announced policy of working for the establishment of a better system of world trade and the elimination of barriers that now exist. It is not going to be good politics from any standpoint.

COMMISSION PACKING

Mr. Speaker, the provision in H. R. 5495 to add a seventh member of the United States Tariff Commission is a bold and unconcealed attempt to pack the Commission, which, if successful, would destroy the very purpose for which it was established.

The Commission has been bipartisan for the 37 years since its inception, and now a small group of determined protectionists want to change the rules of the game and alter the Commission from a 6-man factfinding body to a 7-man, partisan, political body.

The Tariff Commission was created by Congress in 1916 in recognition of the need for a permanent, nonpartisan agency to assist the Congress and the President in making and executing tariff legislation by providing a disinterested investigation of the economic facts—regardless of tariff policy. It was needed to reduce the impossible burden of work and extraparlimentary pressures on congressional committees formerly charged with both policy and detailed rate-fixing. The first Chairman of the Commission, F. W. Taussig, properly set the tone of objectivity when he said, in 1917:

Our essential task, then, is to act as the servants and assistants of Congress. We are to gather and prepare information, to sift the essential from the nonessential. We shall bend our utmost endeavors to be exhaustive in inquiry, and at the same time brief and discriminating in statement. As regards advice, we must be sparing, since advice must often rest on the basis of established fundamental principles; and fundamental principles must be settled not by the Commission, but by Congress and by the public.

This general statement of purpose is as valid today as then.

When the Commission was strengthened by the 1922 act, the Congress still insisted upon a membership of 6, not more than 3 of whom could be of one political party. When, in the 1930 act, the personnel was changed, bipartisanship was retained. By packing the Commission the protectionists hope to accomplish what they have not been able to accomplish in the Congress since 1934—the emasculation, if not the complete repeal, of the Reciprocal Trade Agreements Act; this in the face of general two-party support of that act.

POLITICAL DECISIONS

No administrative agency can possibly decide for the country what kind of tariff policy it should have; policy is set by the Congress. But in order to frame laws in the national interest, Congress must know the economic facts, as uncolored as possible by demands of special interests. Moreover, the application of policy to specific cases is highly technical and demands expert investigation. Can anyone doubt for an instant that the presentation of economic facts would fluctuate with the changes in political majority of the seven-man Commission?

In the 37 years of its existence, no one has seriously questioned the necessity for a bipartisan Commission. It is claimed that the addition of a seventh Commissioner would insure against split decisions. Yet, as the minority report of the Ways and Means Committee points out, every single recommendation in escape clause proceedings to date has been either a unanimous or majority decision.

Nor can this measure be defended on the grounds that the present number of members is inadequate to handle escape clause proceedings in a period of 9 months. If the charge is just, the situation can be remedied easily enough by the addition of an even number of new Commissioners, 2 or 4 or 6, thereby retaining bipartisanship.

Indeed, the creation of partisanship would afford the strongest kind of incentive for domestic interests to file an endless number of applications for relief under the escape clause. There is no comfort in the fact that the President would still have the power to reject, in the national interest, the Commission's recommendations for relief—when it is realized how often the pressure would be applied at the White House by a partisan commission.

ANOTHER DAY

Those who would establish a precedent of partisanship for the Tariff Commission would not have to be reminded that, one awful day when political fortunes are reversed, the shoe will be on the other foot and the balance of power will shift to the antiprotectionist side. And the worst feature in making the Commission a political football would be the resultant insecurity for American industry. Industry can adapt itself to any system of tariff scheduling which is reasonably consistent, whether protectionist, free trade or in between; but industry enjoys no kind of security under tariff scheduling subject to the caprice of a partisan body that changes with each shift in political power. The Commission would lose the public's confidence. This, in fact, was the experience of the Tariff Board established during the Taft administration and later dropped by the incoming Democrats who viewed it as a tool of Republican protectionism.

The violation of the Tariff Commission's objectivity would have its repercussions abroad. It would be but one more sign to confirm the growing suspicion of our allies that, far from liberalizing our trade policy, as the President promised, we are deliberately

crawling back into the shell of Smoot-Hawley nationalism.

On all counts, then, we must preserve the 37-year-old, bipartisan, fact-finding function of the Commission and leave the political decisions to the Congress.

The SPEAKER. The time of the gentleman from Mississippi has expired.

(Mr. SMITH of Mississippi asked and was given permission to revise and extend his remarks.)

Mr. SMITH of Virginia. Mr. Speaker, I yield 5 minutes to the gentleman from West Virginia [Mr. BAILEY].

Mr. BAILEY. Mr. Speaker, I rise to oppose the granting of this rule. I do so on the ground that the pending rule is both unnecessarily arbitrary and patently discriminating.

First. There is no national or international emergency to warrant setting aside the ordinary procedures of the House.

Second. There is no excuse for depriving the duly elected Members of the Congress their right to discuss, amend, and otherwise participate in the drafting of legislation.

Thomas Jefferson once said:

The ills of democracy are best cured by more democracy.

Here we see the wholesome advice of this great Virginia statesman tossed aside in order that the Congress, in the name of America, may launch a program reminiscent of New Deal days, designed to cure the ills of the world under the flimsy slogan of "More trade and less aid."

It is proposed to launch this noble experiment, Mr. Speaker, by imposing on the individual Members of the Congress a gag rule that both stifles free speech and effectively blocks any and all attempts to secure legislative redress of grievances.

If this procedure is a sample of democracy in action, which America hopes to teach the rest of the world, then only God himself can help the free people who are harassed by the fear of Communist aggression.

The proposal has all the earmarks of collusion between the House leadership of both major political parties. My party, the Democratic Party, appears to be more interested in playing partisan politics over the makeup of the Tariff Commission than it is in safeguarding one of the Nation's basic defense industries and the welfare of its employees. The information that actual want and starvation stalks relentlessly through hundreds of mining communities in the coal areas of the Nation—traditionally Democratic territory—seems less important to them than the need of supplying aid to distant lands.

It is too bad, Mr. Speaker, that we cannot declare these areas, laid waste by the operation of our trade policies, to be foreign territory. In that case they would not have to petition the Congress for relief. As Dean Acheson used to do and as Secretary Dulles now proposes to do—we would just carry it to them.

The Republican Party is making effective use of this rule to silence its own Members, a majority of whom are basically opposed to the idea of lowering our

Agriculture Extension Service: S. 1679 (in lieu of H. R. 4677), coordination of Agriculture Extension Service appropriations.

Sent to the Senate without amendment:

Public lands: H. R. 1308, to amend the Color of Title Act.

Historic sites: H. R. 3581, to facilitate public participation of sites, buildings, and objects of national significance and interest.

Sent to the Senate, amended:

Indian lands: H. R. 2231, authorizing the negotiation and ratification of separate settlement contracts with the Sioux Indians of the Lower Brule and the Crow Creek Reservations for certain Indian lands.

Minerals: H. R. 2824, to encourage the discovery, development, and production of tungsten ores and concentrates.

Pages 6726-6730

Reciprocal Trade Extension: Passed, by a rollcall vote of 363 yeas to 35 nays, H. R. 5495, to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930. Rejected, 185 yeas to 215 nays, a recommittal motion with instructions to report the bill back immediately with title II deleted. Title II provides for increasing the membership of the Tariff Commission from 6 to 7. An amendment to strike title II had previously been rejected while in the Committee of the Whole by a division vote of 115 yeas to 152 nays.

This bill seeks to—

Extend for 1 year to June 12, 1954, the authority of the President to enter into reciprocal trade agreements.

Reduce from 1 year to 9 months the period within which the Tariff Commission must make its investigation and report on applications for relief under the escape clause.

Increase the membership of the U. S. Tariff Commission from 6 to 7.

Establish a Commission on Foreign Economic Policy which will provide for a thorough examination of our foreign economic policy.

H. Res. 275, the rule under which the bill was considered, was previously adopted.

Pages 6731-6774

Doctor Draft: Adopted the conference report on H. R. 4495, providing for induction of certain medical, dental, and allied specialists categories, and sent the measure to the Senate.

Pages 6774-6775

President's Message—Veto: Received a veto message from the President concerning H. R. 1334, a private bill. The bill and message were referred to the Committee on the Judiciary and ordered printed as a House document (H. Doc. No. 177).

Pages 6777-6778

Lobbyists: The compilation by the Secretary of the Senate and the Clerk of the House of all registrations and quarterly reports for the second quarter of 1953 filed by persons engaged in lobbying activities appears in this issue of the Congressional Record.

Pages 6782-6816

Bills Referred: Two Senate-passed measures were today referred to appropriate committees. Pages 6773-6779

Program for Tuesday: Adjourned at 5 p. m. until Tuesday, June 16, at 12 noon when the Private Calendar will be called, and the House will consider H. R. 5690, second independent offices appropriation bill for 1954.

Committee Meetings

WHEAT FOR PAKISTAN

Committee on Agriculture: Secretary of State Dulles and Mutual Security Director Stassen urged approval today of the President's recommendation that 1 million tons of surplus wheat be made available for Pakistan. The witnesses stressed the urgency of the country's need for the wheat, pointing out that it is famine-ridden after suffering its second consecutive year of drought. The legislation under consideration is H. R. 5661, and hearings on the measure will be resumed tomorrow morning.

FARM CREDIT

Committee on Agriculture: Last Friday the committee began executive review of pending bills on which hearings have been conducted. One measure, H. R. 5359, relating to the farm-credit system, was considered. No final action was taken, and the committee recessed subject to call of the Chair.

RESERVE OFFICER PROMOTION

Committee on Armed Services: Subcommittee No. 3 resumed its section-by-section reading of H. R. 1222, regarding annual determination in advance of the number of Reserve officers in active status needed for planned mobilization requirements. The group met on the measure every day last week. Adjourned until tomorrow morning.

SYNTHETIC-RUBBER FACILITIES

Committee on Armed Services: Subcommittee No. 1 last Friday read for amendments H. R. 5425, authorizing the disposal of Government-owned synthetic-rubber plants. It will be considered by the full committee tomorrow (Tuesday) morning.

VETERANS' HOUSING—FNMA EXTENSIONS

Committee on Banking and Currency: Voted to table two joint resolutions relating to extensions of Federal National Mortgage Association authorities to certain Territories and possessions. The action was taken pending the forthcoming public hearings and consideration of H. R. 5667, to amend provisions of the National Housing Act and other laws relating to housing. These hearings begin tomorrow morning. The two measures set aside today were S. J. Res. 71, to extend certain FNMA authority to Guam and to extend the National Housing Act with respect to housing in Alaska; and H. J. Res. 242, a similar resolution for Hawaii.

D. C. UTILITIES AND INSURANCE

Committee on the District of Columbia: The Talle subcommittee held hearings last Friday on the following bills—H. R. 5532, to modernize the charter of the Washington Gas Light Co.; H. R. 4830, authorizing the Potomac Electric Power Co. to construct and operate certain railroad tracks and related facilities across Kenilworth Avenue NE.; H. R. 4497, to provide that an agent or solicitor may secure a license to solicit accident or health insurance in the District under the Fire and Casualty Act without taking the prescribed examination, if he is licensed under the Life Insurance Act; and H. R. 2582, to impose more stringent regulations on the business of life insurance in the District. D. C. municipal officials, representatives of civic groups and insurance organizations testified on the various proposals. Executive subcommittee action was postponed, subject to call of the Chair.

FEDERAL AID TO EDUCATION

Committee on Education and Labor: Educators and officials representing various school districts throughout the country testified last Friday and today before the McConnell subcommittee which is considering proposals to extend Public Laws 815 and 874 of the 81st Congress. These laws relate to school-construction assistance in federally affected areas. The recommendations of the Department of Health, Education, and Welfare were presented on the legislation by Secretary Hobby last Wednesday, when the subcommittee began the study. Witnesses heard Friday were Oscar V. Rose, superintendent of schools, Midwest City, Okla.; and Leonard Maine, superintendent of schools, Portsmouth, R. I. Testimony was received today from Frank Wright, assistant State superintendent of public instruction, Sacramento, Calif.; Herschel Moore, coordinator of Federal programs, State department of education, Little Rock, Ark.; W. C. Kampschroeder, director of school facilities, State department of education, Topeka, Kans.; Joseph Herndon, superintendent, Consolidated School District No. 2, Raytown, Mo.; Sam Campbell, director, School District No. 7, Lee's Summit, Mo.; and Evert W. Ardis, superintendent of schools, East Detroit, Mich. Hearings will be continued tomorrow.

MUTUAL SECURITY

Committee on Foreign Affairs: Ordered reported to the House H. R. 5710, the Mutual Security Act of 1953.

FEDERAL INDUSTRIAL COMPETITION

Committee on Government Operations: The Harden subcommittee heard the following witnesses last Friday in connection with its study of Federal competition on private enterprise—Randy Haskell Hamilton, executive secretary, American Municipal Association; Luke Waring, National Furniture Warehousemen's Association; three representatives of the National Paint, Varnish, & Lacquer Association, as follows—Daniel Boland, gen-

eral counsel, Paul Kroll, of the Pittsburgh Plate Glass Co., and Clarence Slocum, of Devoe & Reynolds Co.; James Brackett, of the Printing Industry of America; and Nathaniel Goldberg, attorney, of Washington, D. C., representing the Supermarket Institute of Chicago, Ill., and the Food Distributors of Greater Washington. Recessed until tomorrow (Tuesday) morning.

CHIEF JOSEPH DAM, WASH.

Committee on Interior and Insular Affairs: The Subcommittee on Irrigation and Reclamation approved last Friday, for reporting to the full committee, H. R. 4854, as amended, authorizing Federal construction, operation, and maintenance of the irrigation works comprising the Foster Creek Division of the Chief Joseph Dam project in Washington State. Representative Horan, author of the bill, urged favorable enactment, while statements of explanation were presented by two officials of the Bureau of Reclamation, as follows—Boyd Austin, Acting Assistant Regional Planning Engineer, and John W. Dixon, Director of Project Planning. Lt. Col. E. C. Paules, Corps of Engineers, stated that there was no objection from the Department of the Army.

Testimony in favor of the project was received from Hubert Walter, Columbia Basin Commission, Ephrata, Wash.; George Zahn, Columbia River Basin Commission, Methow, Wash.; Edward Gensinger, Wenatchee, Wash.; Roy Smith, Brewster, Wash.; Chester Kim, Wenatchee, Wash.; and Paul A. Davies, Brewster, Wash.

INDIAN AFFAIRS

Committee on Interior and Insular Affairs: The Harrison subcommittee approved for reporting to the full committee H. R. 303, amended, to transfer the administration of health services for Indians and the operation of Indian hospitals to the U. S. Public Health Service, now under the Department of the Interior and the Bureau of Indian Affairs.

Also considered, but took no final action on, H. R. 1063, to confer jurisdiction on the State of California with respect to offenses committed on Indian reservations within such State; H. R. 2445, a private bill; H. R. 3403, to authorize the deposit of Klamath tribal loan funds in approved depositories; H. R. 3413, to grant oil and gas in lands on the Fort Peck Indian Reservation, Mont., to individual Indians in certain cases; and H. R. 4481, to authorize enrolled members of the Gros Ventre and Assiniboine Tribes of the Fort Belknap Reservation, Mont., to acquire interests in tribal lands of the reservation. Witnesses appearing were James Curry and James Archdale, both Fort Peck Tribal Council representatives; Boyd Jackson and Wade Crawford, of the Klamath Tribe; and Harry Sellery, Chief Counsel, Indian Bureau, Department of the Interior.

AGENDA

Committee on Interstate and Foreign Commerce: Heard sponsors of various bills last Friday, which are now

THE MUTUAL SECURITY ACT OF 1953

REPORT

OF THE

COMMITTEE ON FOREIGN RELATIONS

ON

S. 2128

A BILL TO AMEND THE MUTUAL SECURITY ACT OF 1951
AND FOR OTHER PURPOSES



JUNE 18, 1953.—Ordered to be printed, with illustrations

UNITED STATES
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MUTUAL SECURITY ACT OF 1953

JUNE 13, 1953.—Ordered to be printed, with illustrations

Mr. WILEY, from the Committee on Foreign Relations, submitted the following

REPORT

[To accompany S. 2128]

The Committee on Foreign Relations, having had under consideration the message from the President of the United States of May 5, 1953, recommending legislation to extend the mutual security program, reports its own bill, S. 2128, and recommends that it do pass.

I. INTRODUCTION

1. MAIN PURPOSE OF THE BILL

The main purpose of the bill is to authorize appropriations for continuing military, economic, and technical assistance to foreign nations under the mutual security program. Total authorizations amount to \$5,318,732,500 for the fiscal year 1954. This includes funds for United States contributions to certain multilateral assistance programs. The bill also amends in certain respects the basic legislation contained in the Economic Cooperation Act of 1948, the Mutual Defense Assistance Act of 1949, and the Mutual Security Act of 1951.

2. SUMMARY OF BILL

In the Mutual Security Act of 1951 and the amendments of 1952, authorizations were made by geographic areas. In the bill this year, authorizations are made by types of assistance. It is thought that the new arrangement will show more clearly the total, worldwide amounts of the various forms of assistance which the bill authorizes. The following table summarizes these authorizations:

Chapter I. Military assistance	\$3, 681, 523, 000
Europe	\$2, 179, 689, 870
Near East and Africa	405, 212, 637
Asia and Pacific	1, 081, 620, 493
Latin America	15, 000, 000

Chapter II. Defense financing-----		\$984, 000, 000
Chapter III. Special weapons planning-----		100, 000, 000
Chapter IV. Mutual development and technical progress-----		443, 634, 500
Economic and technical assistance-----	\$140, 234, 500	
Basic materials-----	15, 000, 000	
Special economic assistance:		
Near East and Africa-----	194, 000, 000	
India and Pakistan-----	94, 400, 000	
Chapter V. Multilateral organizations-----		109, 575, 000
Intergovernmental Committee for European		
Migration-----	\$10, 000, 000	
Multilateral Technical Cooperation-----	13, 750, 000	
International Children's Welfare-----	13, 000, 000	
Ocean freight on relief shipments-----	1, 825, 000	
Korean reconstruction-----	71, 000, 000	
Total-----		5, 318, 732, 500

More detailed breakdowns will be found in other sections of this report.

The bill's other principal provisions are as follows:

1. Unexpended balances of prior appropriations for assistance to Spain are continued available. These amount to approximately \$125 million.
2. Authority is given for assistance to a regional defense organization in the Middle East, if one should come into existence. Additional authority is also included for military assistance to countries of the Near East and Africa in addition to Greece, Turkey, and Iran, which have been named in previous laws.
3. The termination date of the mutual security program is extended from June 30, 1954, to June 30, 1956, and the period of liquidating the program after its termination is extended from 1 year to 3 years.
4. The limitation on furnishing excess United States military equipment to other nations is increased by an additional \$200 million.
5. The sale of military equipment to international military organizations or headquarters is authorized.
6. Authority is granted for the loan of equipment to other countries for test and study purposes.
7. The Benton-Moody amendments are repealed. These sections provide for the use of counterpart funds to stimulate free enterprise discourage cartels, and encourage free labor unions.
8. A special fund of \$100 million is authorized for developing special weapons.

These and other more technical changes in existing law are explained in detail in the sections that follow.

3. COMMITTEE ACTION

The committee began its consideration of the bill May 5 when it met in joint, open session with the House Committee on Foreign Affairs to hear testimony from Secretary of State John Foster Dulles, Mutual Security Administrator Harold E. Stassen, Secretary of Defense Charles E. Wilson, and Secretary of the Treasury George M. Humphrey.

It subsequently recalled each of these officials for questioning, and also took testimony from Gen. Omar N. Bradley, chairman of the Joint Chiefs of Staff; Gen. Matthew B. Ridgway, Supreme Allied

Commander, Europe; Assistant Secretary of Defense Frank C. Nash; Assistant Secretary of State Livingston T. Merchant; Maj. Gen. George C. Stewart, director of the Office of Military Assistance; C. Tyler Wood, Deputy to the Director for Mutual Security; Dr. D. A. FitzGerald, Deputy to the Director for Mutual Security; Assistant Secretary of State Walter S. Robertson; Assistant Secretary of State John M. Cabot; Technical Cooperation Administrator Stanley Andrews; Kenneth Hansen, Acting Deputy Administrator of the Mutual Defense Assistance Control Act of 1951 (the Battle Act); and many other officials of the executive branch.

The committee also heard some members of the teams of business men who evaluated the program at the request of Mr. Stassen, and it had available to it the reports of all the teams. In addition, it heard all private citizens who asked to appear as well as a number of individuals representing various national organizations.

In all, the committee held hearings on 16 days between May 5 and May 29. Most of the hearings were necessarily in executive session because of the large amount of classified security information which was made available to the committee. The record of those hearings, however, has been published after the deletion of classified information. After the hearings were closed, the committee had the benefit of consultation with the Secretary of State and Director for Mutual Security upon their return from their trip to the Middle East and south Asia.

The committee began marking up the bill in executive session June 5, and on June 12 it voted to report an original bill to the Senate. Eleven members voted for the bill, 2 voted against it, and 2 were unrecorded.

II. BACKGROUND

4. CHANGED EMPHASIS OF THE PROGRAM

This year's program differs in several important respects from those that have preceded it.

In the first place, the proposed program is geared to long-range planning within the economic capabilities of the United States and other free world countries. The Secretary of State testified before the committee that:

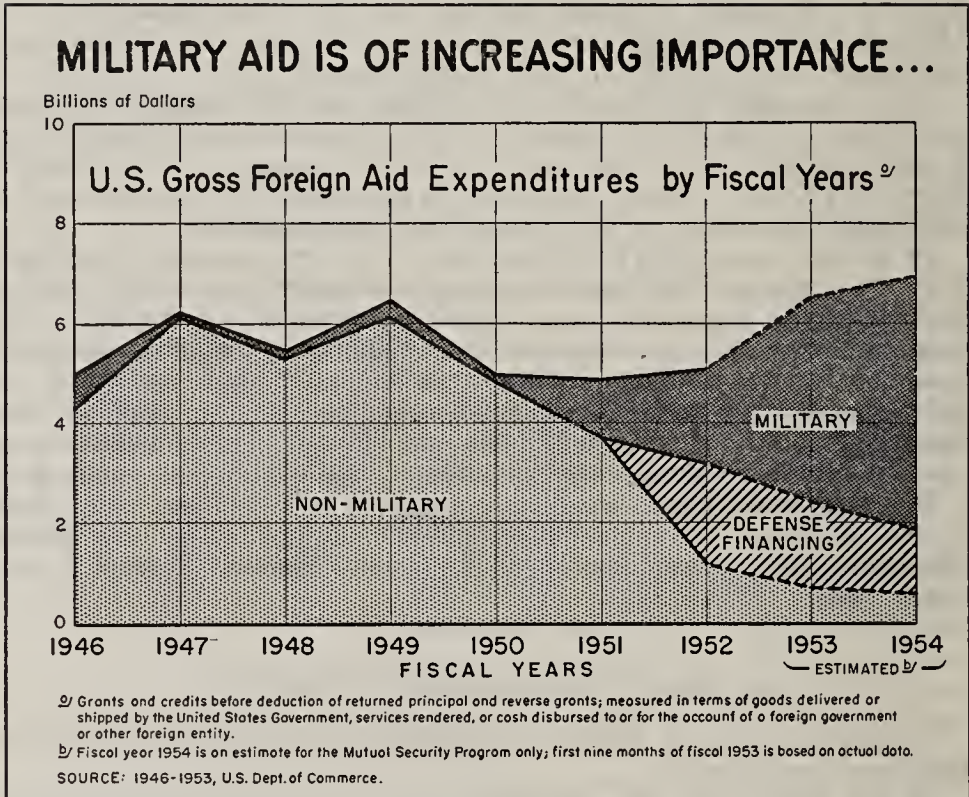
We cannot afford to exhaust ourselves by spasmodic programs designed to meet ever-recurring emergencies. We cannot operate on a day-to-day, hand-to-mouth basis. Instead, we must think in terms of the policies and programs that we can afford to live with for what may be a long period of years.

To this, Mutual Security Director Stassen added:

In other words, we seek a rapid, sure-footed climb with our partners to a high plateau of secure preparedness, and then, shoulder to shoulder, an advance along that plateau toward peace and better living for ourselves and for others.

In the second place the emphasis of the program will be shifted from quantity to quality. The administration proposes, in the coming year, to concentrate on improving and rounding out the equipment sent in previous years and on training. For Europe, in the words of the Secretary of State again, this means that greater emphasis will be placed on the improved quality of NATO forces rather than upon immediate quantitative increases. In his testimony before the committee, General Ridgway supported and elaborated on this concept.

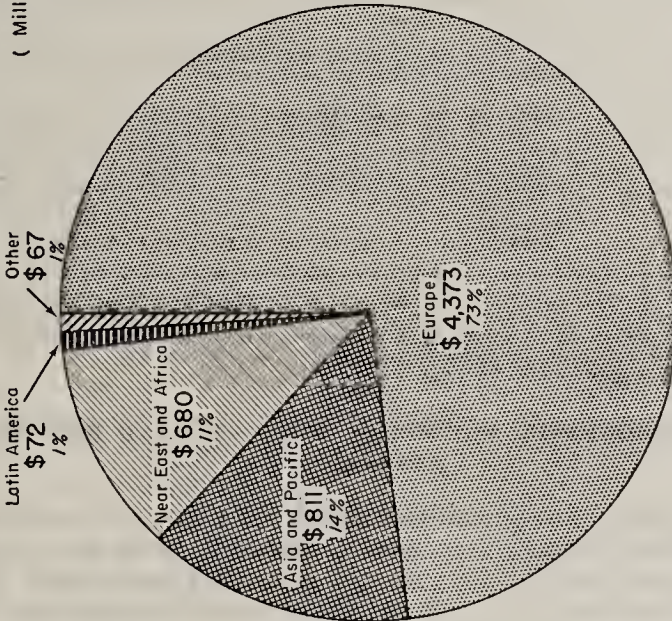
In the third place, the shift from economic aid to military aid will be accelerated in the coming year, principally by reducing economic aid to Europe from the almost \$1.3 billion appropriated for defense support in fiscal year 1953 to \$500 million requested for defense support and defense production financing in fiscal year 1954. This trend is further illustrated in the chart printed below.



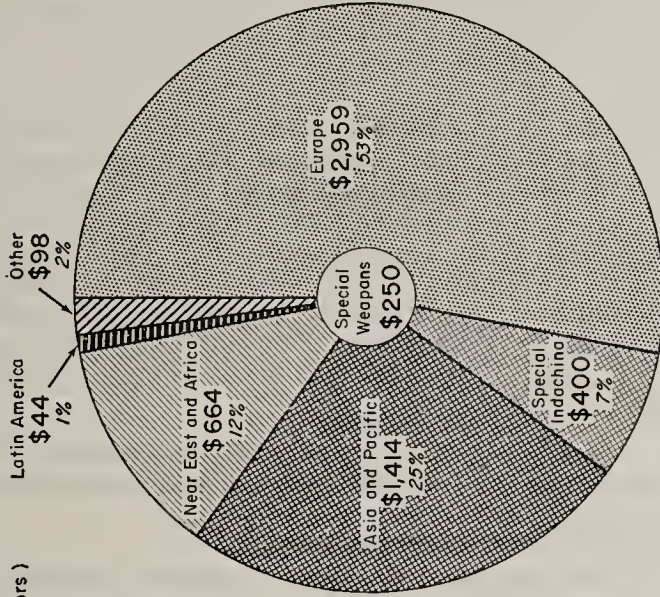
Finally, another significant change will take place in the distribution of funds between Asia and Europe. Whereas in fiscal year 1953, about \$811 million was appropriated for economic, military, and technical assistance to the area of Asia and the Pacific, for fiscal year 1954 the program calls for about \$1,803 million or just over \$1 billion more. This is in contrast to reductions in other areas of the world. The chart on page 5 illustrates this changing emphasis. (The chart is based on the Administration's request for 1954.)

MUTUAL SECURITY PROGRAMS BY GEOGRAPHIC AREA FOR FY 1953 AND FY 1954

(Millions of Dollars)



\$6,003
FY 1953



\$5,829
FY 1954

* Represents a \$5,475 million request for new funds plus \$354 million requested carry-over of savings from FY 1953 funds. Excludes \$98 million equivalent of U.S. counterpart funds.

5. FOREIGN AID SINCE WORLD WAR II

Between the end of World War II and December 31, 1952, United States foreign economic and military assistance programs amounted to a little more than \$41 billion. This sum includes neither loans made during this period nor moneys appropriated but unspent. These unexpended balances amounted to an estimated \$12 billion as of March 31, 1953.

The following table summarizes the amounts appropriated for foreign aid for the past 4 fiscal years and the amount authorized in this bill for fiscal 1954. It will be noted that appropriations for foreign aid have been steadily decreasing from a peak of more than \$7.5 billion for fiscal year 1951 to the sum of \$5.3 billion recommended for fiscal year 1954. Even more significant is the increasing proportion of funds for military assistance as compared to nonmilitary aid. The total for fiscal 1954 has been reduced almost to the amount appropriated for fiscal 1950, the last year before the Communist attack on South Korea.

Summary table: Foreign aid appropriations,¹ fiscal years 1950-53, and proposed foreign aid authorizations for fiscal 1954 (not adjusted for statutory transfer of savings)

	Appropriations fiscal year 1950	Appropriations fiscal year 1951	Appropriations fiscal year 1952	Appropriations fiscal year 1953	Recommended authorization fiscal year 1954
Military:					
Europe.....	\$1,000,000,000 ²	\$4,504,000,000 ²	\$4,774,376,186 ²	\$3,128,224,750	\$2,179,689,870
Non-Europe.....	314,010,000	718,500,000	969,650,000	1,091,609,750	1,501,833,130
Other.....					100,000,000
Subtotal.....	1,314,010,000	5,222,500,000	5,744,026,186	4,219,834,500	3,781,523,000
Economic and technical:					
Europe.....	3,823,380,000	2,250,000,000	\$1,122,000,000 ³	1,282,433,000	500,000,000
Non-Europe.....	130,751,600	149,350,000	418,401,519	472,014,250	912,634,500
Subtotal.....	3,954,131,600	2,399,350,000	1,540,401,519	1,754,447,250	1,412,634,500
Other.....				27,666,000	124,575,000
Total.....	5,268,141,600	7,621,850,000	7,284,427,705	6,001,947,750	5,318,732,500

¹ Does not include International Children's Emergency Fund contributions for fiscal years 1950-1952.

² For purposes of comparison, the \$500,000,000 of forward contracts authorized in 1950 MDA legislation, has been included in the 1950 MDA appropriation, although the funds were actually appropriated in fiscal year 1951 (\$455,523,729) and fiscal year 1952 (\$44,476,271).

³ Includes \$100,000,000 appropriated for Spain.

6. AMOUNTS REQUESTED FOR FISCAL YEAR 1954 AND HOW THEY WERE ARRIVED AT

The program of foreign aid for fiscal 1954, for the main part, continues activities which have been previously acted upon and which have been provided for in the last several Congresses. The total amount contemplated by the previous administration for the 1954 MSA program was \$7.6 billion. The present administration reduced this by \$1.8 billion and sent to Congress a total request of \$5,829 million. The committee was told that the savings had been achieved through the reduction of nondefense assistance and stretchouts in the military end-item programs.

During its deliberations on the requests, the committee was informed that the MSA had been able through price savings and other

means to save \$404 million of the previously appropriated funds, of which amount \$354 million was available to reduce further the authorizations requested of the Congress for fiscal 1954. In his letter of May 27, 1953, Acting Director for Mutual Security William M. Rand, wrote to Chairman Wiley—

* * * the balance of \$354 million can, and we propose should, through congressional authorization to continue it available for use in fiscal year 1954, be applied to reduce, in an equivalent amount, the \$5,829 million of authority for new appropriations which has heretofore been requested.

This further reduced the administration's request to \$5,475 million. The committee made an additional cut of \$156 million bringing the amount recommended to the Senate to \$5,318,732,500. The committee's savings were on the special weapons planning fund, which was reduced from \$250 million to \$100 million, and on the basic materials development program, which was cut from \$25 million to \$15 million. On the other hand, the committee increased the authorization for international children's welfare work from \$9 million to \$13 million. These committee changes in amounts are further discussed in the sections on the programs involved.

The amount of \$5,318,732,500, which the committee recommends to the Senate, was carefully screened and reviewed by the administration and by the committee. Mutual Security Director Stassen described the administration review before the committee:

Before discussing the several components of this total, several general statements concerning this figure seem appropriate. In the first place, it is the result both of an exhaustive review of our national-security policies and of a detailed evaluation of the operation and effectiveness of past and present mutual security programs. It represents the product of months of work by the National Security Council, where each of our security objectives was carefully studied, and its importance weighed in relation to the fiscal considerations that the Secretary of the Treasury will discuss with you. It reflects the findings which resulted from the careful local studies which were recently made by special evaluation teams, comprised of nearly 60 outstanding leaders of American industry and finance, in 12 countries now participating in the program. It mirrors the experience and knowledge which were gained by the Secretaries of State, Defense, and Treasury and myself during our several trips to Europe and particularly in the course of the recent meeting of the North Atlantic Council in Paris.

General Stewart further detailed the military assistance screening process by which the military amount, the biggest component of the Mutual Security Act of 1953, is arrived at. Country programs are developed in the first instance between representatives of the recipient countries and the local United States Military Assistance Advisory Groups. They are reviewed by the office of the commander in chief, Europe, for determination as to what can be procured regionally. This process is followed by three more screenings in the United States: (1) The Army, Navy, and Air Force determine the availability and prices in the United States of the items requested. (2) The Secretary of Defense determines the economic, political, and strategic factors involved in granting military assistance. (3) The Executive Office of the President, gives a final screening, having in mind the security interests, economic capabilities, and fiscal position of the United States. The committee reviewed very carefully the screening procedures used by the executive branch and is satisfied that the greatest care has been exercised in the determination of the amounts requested and recommended.

7. CAPACITY OF THE UNITED STATES TO SUPPORT THE PROGRAM

The committee gave careful consideration to the impact of the Mutual Security Program upon the economy of the United States and to the capacity of the United States to support a program of the size here authorized.

Obviously, a balance has to be struck between what is desirable from a security point of view, on the one hand, and what is desirable from an economic point of view on the other. This is a field in which reasonable men can differ, but the committee's conclusion is that the balance has been struck at the proper point.

As Secretary Humphrey put it:

We feel that the program * * * is the best balance between security for our friends and ourselves and our necessity for reducing expenditures that can be appropriately managed at this time.

It is the further conclusion of the committee that the proposed program is well within the capacity of the United States to support.

The authorizations in this bill are almost \$700 million less than the appropriations for this program last year. The gross national product, however, is running several billion dollars ahead of last year. In the first quarter of 1953 it was at an annual rate estimated at \$363 billion compared to \$346 billion in 1952.

Thus, while the cost of the Mutual Security Program is decreasing, the wealth of the United States, from which that cost must be paid, is increasing.

It is true, of course, that the budget of the Federal Government is expected to show a deficit for fiscal 1954. The committee is of the opinion that the responsible officials of the executive branch kept that situation constantly in mind in preparing the program. Secretary Dulles told the committee:

This program is based upon the principle that we and our allies alike must maintain an essential balance between our economic health and our military effort. The American economy is the very heart of the strength of the free world, but our resources are not unlimited, and we dare not endanger our fundamental economic stability.

And Secretary Humphrey said:

I am distressed not to get the budget balanced this year. I would like to see it done. But I believe we should not balance the budget this year, because I do not think we are justified in making the size cuts in security programs that we would have to make if we were balancing the budget.

It must also be pointed out that if there were no Mutual Security Program, it would be necessary to increase United States defense spending by much more than the amount authorized in this bill. The drain on United States resources would be far greater without this program than with it.

8. UNOBLIGATED AND UNEXPENDED BALANCES

The committee examined most carefully the status of unobligated and unexpended funds still available for mutual assistance purposes. It is estimated that some \$9.9 billion will remain unspent and approximately \$1.6 billion unobligated as of June 30, 1953. With such large sums available it has been suggested in some quarters that it

might not be necessary to authorize additional funds for the coming fiscal year.

Executive branch witnesses testified that there are several reasons for the large carryover. The first is the long lead time required for the ordering and production of such things as tanks, planes, and complicated radar equipment. The second is the fact that much of the equipment originally scheduled for defense assistance in Western Europe went to Korea on a higher priority basis. Finally, certain production bottlenecks, including strikes and design changes, have lengthened the time required for final delivery.

The table on pages 10-12 shows the exact fiscal status of Mutual Security funds.

Unobligated and unexpended balances, Mutual Security Program, as of Apr. 30, 1953 (adjusted to reflect statutory transfers)

	Total available for obligation	Approved pro- grams as of May 31, 1953	Cumulative obligations	Obligations, fiscal year 1953 to date	Unobligated balance	Cumulative expenditures	Expenditures, fiscal year 1953 to date	Unexpended balance
Title I—Europe	\$27,238,594,701	\$27,203,026,683	\$24,813,135,217	\$2,371,735,610	\$2,425,459,484	\$18,413,520,177	\$3,557,667,622	\$8,825,074,524
Military assistance	12,442,352,699	112,506,792,111	10,611,454,865	1,438,757,843	1,830,897,834	5,064,633,443	2,475,836,115	7,377,719,256
Department of Defense		12,211,802,972	10,319,596,409	1,438,079,224		4,850,948,297	2,392,738,179	
Mutual Security Agency		274,832,844	273,653,358	(1,037,484)		197,787,352	82,170,544	
Office of Director for Mutual Security		189,352	139,296	123,587		131,378	116,300	
Department of State		4,736,047	2,908,402	1,456,659		611,203	611,203	
Department of Commerce		196,713	123,908	115,150		123,043	115,504	
Defense Production Administration		15,000	14,309	12,987		12,987	12,987	
Department of Agriculture		15,019,183	15,019,183	6,398		15,019,183	16,398	
Assistance to Spain	162,500,000	62,500,000	62,450,011	9,762,000	100,049,989	32,741,766	9,079,660	129,758,234
Economic and technical assistance	14,633,742,002	14,633,734,572	14,139,230,341	923,215,767	494,511,661	13,316,144,968	1,072,751,847	1,317,597,034
Mutual Security Agency	14,623,077,934	14,623,070,504	14,128,566,273	923,215,767	494,511,661	13,306,757,537	1,068,544,416	1,316,320,397
Department of State	10,664,068	10,664,068	10,664,068			9,387,431	4,207,431	1,276,637
Technical Cooperation Adminis- tration	342,000	342,000	342,000			342,000	162,000	
Other State	10,322,068	10,322,068	10,322,068			9,045,431	4,045,431	
Title II—Near East and Africa	1,785,135,024	1,581,372,354	1,411,259,259	342,758,546	373,875,765	762,185,884	346,603,736	1,022,949,140
Military assistance	1,444,021,024	1,285,122,300	1,138,323,386	227,062,091	305,697,638	569,299,070	253,781,549	874,721,954
Department of Defense		1,272,069,566	1,126,008,954	227,800,393		557,185,948	253,337,168	
Mutual Security Agency		12,667,098	11,928,796	(738,302)		11,727,486	6,444,381	
Department of State		385,636	385,636			385,636		
Economic and technical assistance	341,114,000	296,250,054	272,935,873	115,696,455	68,178,127	192,886,814	86,822,187	148,227,186
Department of State	341,114,000	296,250,054	272,935,873	115,696,455	68,178,127	192,886,814	86,822,187	148,227,186
Technical Cooperation Administration	110,822,750	110,022,054	96,462,373	39,222,955	14,360,377	50,207,406	24,142,779	60,615,344
Palestine refugee (U. N.)	110,063,250	66,000,000	66,000,000	16,000,000	44,063,250	46,000,000	16,000,000	61,063,250
Israel refugee	120,228,000	120,228,000	110,473,500	60,473,500	9,754,500	96,679,408	46,679,408	23,618,592

Title III—Asia and Pacific	2, 833, 167, 413	2, 831, 713, 719	2, 431, 864, 940	541, 412, 154	401, 302, 473	1, 378, 768, 931	490, 206, 483	1, 454, 398, 482
Military assistance	1, 803, 396, 083	1, 803, 396, 083	1, 512, 603, 992	334, 354, 425	290, 792, 091	727, 208, 243	321, 242, 262	1, 076, 187, 840
Department of Defense		1, 782, 471, 083	1, 492, 482, 101	317, 901, 827		708, 882, 755	306, 099, 223	
Mutual Security Agency		1, 245, 000	744, 416	(561)		543, 189	49, 009	
Department of State		19, 680, 000	19, 377, 475	16, 453, 159		17, 782, 299	15, 094, 030	
Economic and technical assistance	1, 029, 771, 330	1, 028, 317, 636	919, 260, 948	207, 057, 729	110, 510, 382	651, 560, 688	168, 964, 221	378, 210, 642
Mutual Security Agency	683, 498, 599	683, 421, 881	614, 502, 709	2 111, 830, 717	68, 995, 890	461, 987, 047	112, 562, 010	221, 511, 552
Treasury Department	122, 925, 054	122, 925, 054	122, 925, 054	(25, 602)		112, 662, 939	25, 802	10, 262, 115
Department of State	223, 347, 677	221, 970, 701	181, 833, 185	95, 252, 614	41, 514, 492	76, 910, 702	56, 376, 609	146, 436, 975
Technical Cooperation Administration								
UNKRA	162, 528, 110	162, 528, 110	138, 619, 742	3 89, 600, 796	23, 908, 368	34, 965, 762	30, 460, 495	127, 562, 348
China-Korea student program	50, 750, 000	50, 750, 000	35, 000, 000	25, 000, 000	15, 750, 000	35, 000, 000	25, 000, 000	15, 750, 000
Other State	10, 000, 000	8, 623, 024	8, 143, 876	651, 818	1, 856, 124	6, 880, 459	851, 633	3, 119, 541
	69, 567	69, 567	69, 567			64, 481	764, 481	5, 086
Title IV—American Republics	135, 820, 793	114, 865, 500	79, 027, 593	27, 691, 789	56, 793, 200	36, 396, 156	23, 701, 257	99, 424, 637
Military assistance	89, 835, 750	69, 155, 648	42, 214, 538	14, 612, 386	47, 621, 212	5, 443, 461	5, 401, 510	84, 392, 289
Economic and technical assistance	45, 985, 043	45, 709, 852	36, 813, 055	13, 079, 403	9, 171, 988	30, 952, 695	18, 299, 747	15, 032, 318
Department of State (TCA)	45, 985, 043	45, 709, 852	36, 813, 055	13, 079, 403	9, 171, 988	30, 952, 695	18, 299, 747	15, 032, 318
Title V—Interregional activities	27, 666, 000	27, 666, 000	26, 731, 852	26, 731, 852	934, 148	16, 584, 042	16, 584, 042	11, 081, 958
Economic and technical assistance	27, 666, 000	27, 666, 000	26, 731, 852	26, 731, 852	934, 148	16, 584, 042	16, 584, 042	11, 081, 958
Department of State	27, 666, 000	27, 666, 000	26, 731, 852	26, 731, 852	934, 148	16, 584, 042	16, 584, 042	11, 081, 958
Movement of migrants	9, 240, 500	9, 240, 500	9, 240, 500	9, 240, 500		2, 310, 125	2, 310, 125	6, 930, 375
Ocean freight and voluntary relief packages	2, 587, 500	2, 587, 500	1, 653, 352	1, 653, 352	934, 148	1, 304, 020	1, 304, 020	1, 283, 480
Multilateral Technical Cooperation (U. N. and OAS)	9, 171, 333	9, 171, 333	9, 171, 333	9, 171, 333		6, 303, 230	6, 303, 230	2, 868, 103
U. N. International Children's Emergency Fund	6, 666, 667	6, 666, 667	6, 666, 667	6, 666, 667		6, 666, 667	6, 666, 667	
All titles (program recapitulation)	32, 020, 383, 931	31, 758, 644, 256	28, 762, 018, 861	3, 310, 329, 951	3, 258, 365, 070	20, 607, 455, 190	4, 434, 763, 140	11, 412, 928, 741
Military assistance	15, 779, 605, 556	15, 664, 466, 142	13, 304, 596, 781	2, 014, 786, 745	2, 475, 098, 775	6, 366, 584, 217	3, 062, 261, 436	9, 413, 021, 339
Aid to Spain	162, 500, 000	62, 500, 000	62, 450, 011	9, 762, 000	100, 049, 989	32, 741, 989	9, 079, 660	129, 758, 234
Economic assistance	16, 078, 278, 375	16, 031, 678, 114	15, 394, 972, 069	1, 285, 781, 206	683, 306, 306	14, 208, 129, 267	1, 303, 622, 044	1, 870, 149, 168
Mutual Security Agency	15, 306, 576, 533	15, 306, 492, 385	14, 743, 068, 982	1, 035, 046, 484	563, 507, 551	13, 708, 744, 584	1, 181, 106, 426	1, 537, 831, 949
Treasury Department	122, 925, 054	122, 925, 054	122, 925, 054	(25, 602)		112, 662, 939	25, 802	10, 262, 115

¹ In excess of availability pending transfer from title II.

² Reflects reduction of \$24,027,786 Burma-Indonesia prior year obligations transferred to TCA in current fiscal year.

³ Includes prior year obligations referred to in item 2.

Unobligated and unexpended balances, Mutual Security Program, as of Apr. 30, 1953 (adjusted to reflect statutory transfers)—Continued

	Total available for obligation	Approved pro- grams as of May 31, 1953	Cumulative obligations	Obligations, fiscal year 1953 to date	Unobligated balance	Cumulative expenditures	Expenditures, fiscal year 1953 to date	Unexpended balance
All titles (program recapitulation)—Con. Economic assistance—Continued Department of State	\$648, 776, 788	\$602, 260, 675	\$528, 978, 033	\$250, 760, 324	\$119, 798, 755	\$326, 721, 684	\$182, 290, 016	\$322, 055, 104
Technical Cooperation Adminis- tration	319, 677, 903	318, 602, 016	272, 237, 170	121, 903, 154	47, 440, 733	116, 467, 863	73, 065, 021	203, 210, 040
Palestine refugee (U. N.)	110, 063, 250	66, 000, 000	66, 000, 000	16, 000, 000	44, 063, 250	46, 000, 000	16, 000, 000	64, 063, 250
Israel refugee	120, 228, 000	120, 228, 000	110, 473, 500	60, 473, 500	9, 754, 500	96, 679, 408	46, 679, 408	23, 548, 592
U. N. Korean Reconstruction Agency	59, 750, 000	50, 750, 000	35, 000, 000	25, 000, 000	15, 750, 000	35, 000, 000	25, 000, 000	15, 750, 000
China-Korea student program	10, 000, 000	8, 623, 024	8, 143, 876	651, 818	1, 856, 124	6, 880, 459	851, 633	3, 119, 541
Movement of migrants	9, 240, 500	9, 240, 500	9, 240, 500	9, 240, 500	-----	2, 310, 125	2, 310, 125	6, 930, 375
Ocean freight and voluntary relief packages	2, 557, 500	2, 587, 500	1, 653, 352	1, 653, 352	934, 148	1, 304, 020	1, 304, 020	1, 283, 480
Multilateral Technical Coopera- tion (U. N. and OAS)	9, 171, 333	9, 171, 333	9, 171, 333	9, 171, 333	-----	6, 303, 230	6, 303, 230	2, 868, 103
U. N. International Children's Emergency Fund	6, 666, 667	6, 666, 667	6, 666, 667	6, 666, 667	-----	6, 666, 667	6, 666, 667	-----
Other State	10, 391, 635	10, 391, 635	10, 391, 635	-----	-----	9, 109, 912	4, 104, 912	1, 281, 723
Administrative expense	188, 663, 041	-----	178, 038, 576	32, 212, 410	10, 624, 465	169, 271, 119	35, 925, 111	19, 391, 922
Grand total	32, 209, 046, 972	31, 758, 644, 256	28, 940, 057, 437	3, 342, 542, 361	3, 268, 989, 535	20, 776, 726, 309	4, 470, 688, 251	11, 432, 320, 663

As the committee pointed out in its report on the MSA program last year, care must be taken to distinguish between unobligated and unexpended funds. Before funds can be obligated they must be appropriated and they are usually obligated long in advance of their expenditure. Thus if the Defense Department plans to send a shipment of jet planes to Europe, contracts must be let for their production. Such contracts cannot be entered into, however, unless the necessary funds have been appropriated by Congress. Meanwhile, 2 years or more may elapse before the planes can finally be delivered. According to law, the money for the payment of the planes must be available when the contracts are signed but it is not fully expended until the orders are filled and the planes actually delivered. This means that the funds will necessarily be tied up during the life of the contract and are not available for other purposes. Thus there is always some time lag between the obligation of funds and their actual expenditure. In the case of long-lead items like planes and tanks, the time lag may be very substantial.

It follows that if no new money were appropriated for obligation in fiscal 1954, only about \$1.6 billion would be available for the total program next year. It should be pointed out, too, that most of this amount has been committed by the executive branch although not officially "obligated" as that term was recently defined by the Comptroller General in a new ruling. Under the bookkeeping procedures that prevailed until April of this year, the Defense Department estimates that only about \$580 million would remain unobligated as of June 30, 1953. Under the new ruling—which in effect sets up a stricter definition of what constitutes obligated funds—the estimate would approximate the \$1.6 billion referred to above. Moreover, some unobligated carryover is necessary in order to take care of design changes in equipment that may involve some additional payments on contracts already let.

One additional comment should be made about the unexpended balance. It follows from what has been said above that these funds—which amount to nearly \$10 billion—will be needed to make payments on existing contracts some of which were entered into during the first and second years of the program.

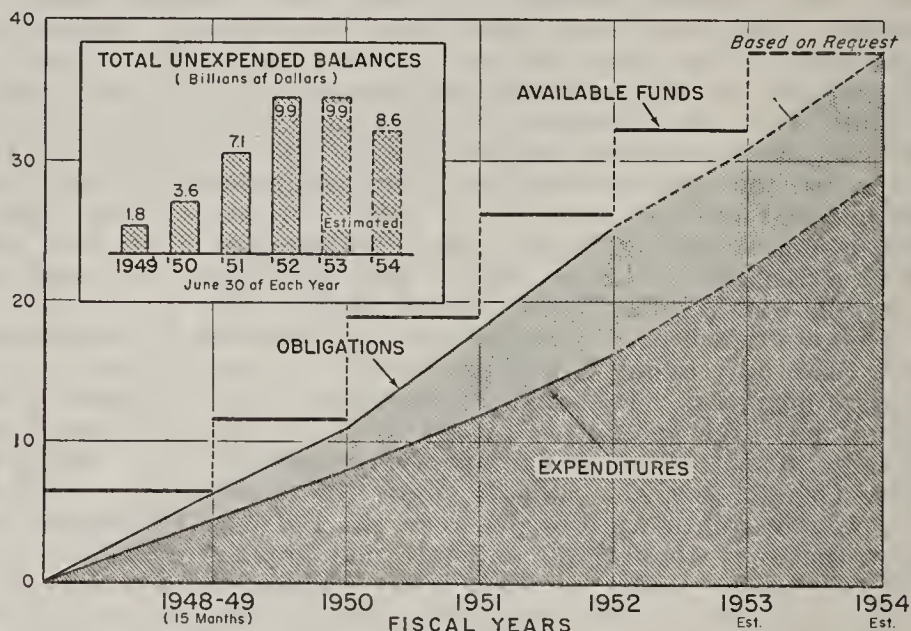
While the committee dislikes to encourage the accumulation of large unexpended balances it realizes that the rearming of the free world is a long-range project with objectives which cannot possibly be achieved within the time span of a single fiscal year. If new funds are not authorized and appropriated now so that additional contracts may be let in fiscal 1954, the result will be a year's hiatus in the program. Although the impact would not be felt at once, the ultimate effect would be to disrupt the momentum of the defense buildup at what might prove to be a very critical juncture in world history.

The committee urges MSA and the Defense Department to bend every effort to improve procurement procedures and to speed up production so that the important task of building the joint defense of the free world may be completed as rapidly as possible.

UTILIZATION OF FUNDS MUTUAL SECURITY PROGRAM

Cumulative Funds Available, Obligations, and Expenditures *

(Billions of Dollars)



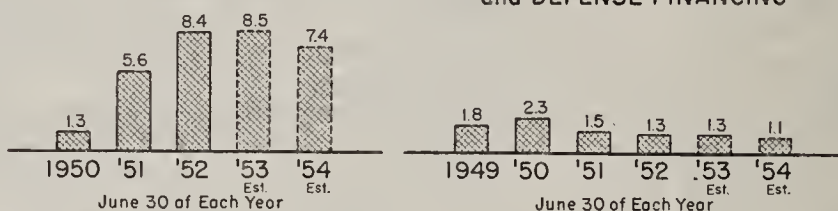
* Total includes assistance to Spain, not divisible as between military and economic.

Unexpended Balances by Program

(Billions of Dollars)

MILITARY

ECONOMIC, TECHNICAL ASSISTANCE, and DEFENSE FINANCING



9. THE SOVIET THREAT AND NEED FOR CONTINUED AID

The principal aim of the foreign aid program is to help build a peaceful world through mutual strength, confidence, and security. This aim must be stressed, for although the largest component of the proposed program is military assistance, it is military assistance designed for peaceful purposes. As long as the Soviet Union's international attitudes remain unchanged, it is vitally important that the free world continue to discourage further aggression by making the cost of such aggression abortive to the Soviet Union.

In spite of the events since Marshal Stalin's death, the committee remains unconvinced that the Soviet Union's basic attitude has undergone any softening change. The committee agrees completely

with President Eisenhower that present evidence of any relenting on the part of the Soviet Union is insufficient and that the Communist nations must prove their good faith by contributing to the solution of outstanding international problems, such as the aggression in Korea, the Austrian peace treaty, and the unification of Germany. The free world is still waiting for a clear manifestation of the Soviet Union's peaceful intent.

In the meantime, the Soviet Union still has 175 well-equipped and well-trained divisions, and the satellites have another 70 divisions, which are being strengthened through Soviet assistance. Against this force, the NATO forces (exclusive of Greece and Turkey) amount to approximately 50 divisions, not all of them fully equipped.

In the Far East outright aggression is taking place in Korea and Indochina.

Elsewhere, in Asia, Latin America, and Africa, political and economic unrest have offered and continued to offer fertile opportunities for Communist exploitation. In short, the world picture does not permit a relaxation of defense efforts.

The Soviet threats confronting the free nations of the world are best met by building military strength and political and economic stability. The committee believes that it is wishful thinking to expect our partners to do this by themselves, at this time. Indeed, no single nation, including the United States, could meet the threat singlehandedly. Although Western Europe has made a remarkable recovery since the inception of the Marshall plan in 1948, its present industrial and agricultural production levels are not high enough to support an increased population at a decent standard of living and an enormous defense effort at the same time.

The committee believes that it is in the vital self-interest of the United States to supply the necessary military, economic, and technical assistance. The threat to law and order posed by the Soviet Union against the free international community is unparalleled in history. Moreover, this threat coincides with a period of postwar economic dislocation and political instability which more than absorbed the resources of each state in dealing with its own internal problems without leaving resources left over for dealing with an external threat. The United States, emerging from the war with more trained manpower and greater productive facilities than ever before, has found it necessary and, until the military vacuum is filled, will continue in some measure to find it necessary, to assist the free world toward the goal of strength and security.

III. EUROPE

The bill makes the following authorizations for assistance to Europe:

Military	\$2, 179, 689, 870
Defense support and economic assistance	300, 000, 000
Special defense production financing	200, 000, 000
Total	2, 679, 689, 870

A. Situation in the area

The primary objective of the Mutual Security Program in Europe is to strengthen the defenses of the North Atlantic Treaty Organization through building up modern effective military forces capable of deterring aggression or of successfully resisting it if it should occur. At the same time, it is recognized that there can be no effective defense in the long run that does not rest upon the economic strength and the unity of the defending nations.

10. NATO ACCOMPLISHMENTS

NATO has some very substantial achievements to its credit. The buildup of defense forces, which began on a small scale during 1950 and 1951, accelerated during 1952, the first year for which firm goals were set. Those goals, agreed on at Lisbon in February of 1952, were 25 active divisions, 25 reserve divisions, 4,000 aircraft, and a naval force of about 1,600 vessels. By December of 1952, these goals had nearly been reached. The 25 active divisions were almost up to the required standards, the main deficiencies being in the strength and equipment of the reserve divisions. The goal in available aircraft was largely met, but ground support and flight training lagged behind. The naval goals were met. The principal need, therefore, was in training, in the reserve divisions, and in support units, which will be made up in the coming year.

The progress made in infrastructure has been termed "noteworthy" by General Ridgway, and the NATO command structure has also been considerably strengthened. The land forces of Greece and Turkey have been brought closer into the European defense setup by the creation of a Headquarters, Allied Land Forces, Southeastern Europe, at Izmir, Turkey, under Lieutenant General Wyman, United States Army. Further strengthening of the Allies' southern flank was brought about by the establishment of the Mediterranean Command under Admiral Mountbatten.

11. NATO PLANS AND OBJECTIVES IN 1953 AND FISCAL 1954

At the NATO Council meeting in Paris in April the Ministers of the 14 member countries adopted firm force goals for 1953 and provisional goals for 1954. The Council reaffirmed the urgent need for the European Defense Community and agreed upon a plan for the financing of a comprehensive 3-year program for the construction of airfields, communications systems, and other public works needed for NATO, commonly known as infrastructure and discussed elsewhere in this report. (See p. 25.)

The bases for a sound Mutual Security Program for the fiscal year 1954 were thus laid. The NATO plans will be reviewed once more during the summer and autumn of 1953, and in October the North Atlantic Council will set firm goals for 1954 and provisional goals for 1955 and 1956.

The figures are secret, but it can be said that the military program for calendar year 1953 will create a powerful defense force operating as an effective fighting team. Generals Ridgway and Handy, as well as other witnesses before the committee, indicated their satisfaction that real accomplishments are being made. These include a moderate

increase in the major ground-defense units plus heavy emphasis on support forces. There will also be a substantial increase in combat aircraft as well as the construction and completion of necessary installations, airfields, and communications systems to improve the military strength of Europe. As far as the naval plans are concerned, emphasis will be placed upon increases in the number of major combatant vessels and minesweepers and vessels of the escort type.

The Annual Review Report, which was adopted unanimously at the Paris meeting, announced the introduction of a new development in NATO planning, namely, the improvement of the combat effectiveness of existing forces. Thus, emphasis is to be placed upon quality. At Paris the major NATO commands and military agencies submitted for consideration both for the Council and for the member countries and the NATO international staff recommendations for a wide range of qualitative improvements which included the strengthening of support units. In short, it is estimated that the combat effectiveness of NATO forces will be increased by one-third during 1953.

12. EUROPEAN INTEGRATION

The United States Congress, in the past 5 years, has repeatedly expressed its interest in and approval of European integration. The first official expression came in 1949 when the Economic Cooperation Act of 1948 was amended to declare it a policy of the people of the United States "to encourage the unification of Europe." The most recent expression, in the Mutual Security Act of 1952, was more explicit:

The Congress welcomes the recent progress in political federation, military integration, and economic unification in Europe and reaffirms its belief in the necessity of further vigorous efforts toward these ends as a means of building strength, establishing security, and preserving peace in the North Atlantic area. In order to provide further encouragement to such efforts, the Congress believes it essential that this act should be so administered as to support concrete measures for political federation, military integration, and economic unification in Europe.

The committee desires to reaffirm this statement and to call it to the attention of the Administration and Western Europe. The committee was particularly gratified at the ratification and entry into force of the European Iron and Steel Community, whose high officials, M. Jean Monnet, Mr. Franz Etzel, and Mr. Dirk Spierenburg, met with the committee informally.

With this organization, and previously established ones such as the Brussels Treaty, the Organization for European Economic Cooperation, and the Council of Europe, substantial progress has been made since the first congressional expression on this subject.

The committee feels, however, that more progress can be made. The committee is aware that European unity cannot be manufactured from without but must be created from within. Nevertheless, the committee wishes to record its deep interest in the ratification of European Defense Community Treaty. This treaty, providing for the integration of the military forces of six European nations, was signed over a year ago but has not been ratified by all signatory nations. Completion of this process, the committee feels, would be a historic milestone in Europe's integration efforts. It would also contribute markedly toward strengthening the defenses of Western Europe, by

bringing Western Germany into the European defense community.

13. EUROPE'S ECONOMIC AND DEFENSE EFFORT

In 1952 the economic rehabilitation objectives of the ECA had been reached several months in advance of the scheduled time. Straight economic aid was thereupon discontinued except for special cases such as Austria, and only such economic assistance for Europe was provided as would promote directly the defensive strength of the NATO countries and the Western European community.

From the earliest days of the Marshall plan, the committee has always insisted that the countries of Western Europe do their utmost to help themselves from both an economic and a military point of view. Without maximum efforts on the part of the European countries, American assistance would be not only unjustifiable but also futile. The program of NATO is a mutual one, and it can succeed only to the degree that each partner carries his full load. A review of the evidence clearly shows that Europe is making a very substantial contribution and that this contribution, by and large, approaches the greatest of which the respective countries are capable.

The two tables that follow set forth the efforts as measured in terms of the gross national product and the per capita expenditures devoted by each country and the United States to this common effort.

Per capita defense expenditure

(In United States dollars, United States fiscal years)

Country	1949-50	1950-51	1951-52	1952-53
European Defense Community:				
Belgium-Luxembourg.....	18	22	39	52
France.....	34	47	74	92
Germany (Federal Republic).....	22	25	41	40
Italy.....	11	13	17	20
Netherlands.....	23	22	30	36
Total, EDC.....	22	27	42	49
United Kingdom and northern European countries:				
Denmark.....	12	13	20	30
Iceland.....				
Norway.....	15	20	29	43
United Kingdom.....	48	54	81	100
Southern European countries:				
Greece.....	16	21	25	25
Portugal.....	6	6	6	8
Turkey.....	12	12	13	13
Total, NATO.....	26	31	46	57
Total, NATO plus Germany.....	25	30	45	53
Austria.....	24	23	23	23
Yugoslavia.....	(3)	(3)	38	36
Total, 15 countries.....	(3)	(3)	44	51
Canada.....	32	55	116	138
United States.....	85	143	279	309

¹ Occupation costs.

² Occupation costs and security police.

³ Not available.

NOTE.—Precise comparisons of the levels of defense expenditure between the European countries and the United States are not possible. The conversion into dollars has been made on the basis of official foreign exchange rates, and the purchasing power of the dollar is appreciably higher in most European countries than in the United States. Intra-European comparisons of the converted dollar figures are subject to similar limitations. Adjustments to make the figures truly comparable cannot now be made.

Defense expenditures—Total and percent of gross national product at market prices

[By United States fiscal years, in millions of dollars]

Country	1938 Defense expend- iture as a percent of GNP	1949-50		1950-51		1951-52		1952-53 ¹	
		Defense expend- itures	Percent of GNP	Defense expend- itures	Percent of GNP	Defense expend- itures	Percent of GNP	Defense expend- itures	Percent of GNP
European Defense com- munity:									
Belgium-Luxembourg--	2.5	158	2.5	201	2.9	355	4.6	469	6.3
France.....	7.3	1,458	5.9	2,041	7.0	3,220	9.3	4,007	11.2
Germany (Federal Republic) ²	15.8	1,036	5.1	1,190	4.9	1,992	6.9	1,952	6.4
Italy (including Trieste).....	6.0	520	4.0	613	4.2	808	5.1	962	5.8
Netherlands.....	2.3	231	4.7	228	4.2	310	5.3	373	6.2
Total, EDC.....		3,403	4.9	4,273	5.3	6,685	7.2	7,763	8.1
United Kingdom and northern European countries:									
Denmark.....	.9	53	1.8	56	1.7	88	2.4	131	3.5
Norway.....	.9	50	2.4	67	2.7	96	3.4	142	5.0
United Kingdom.....	6.5	2,449	6.9	2,752	7.2	4,094	9.8	5,107	12.0
Southern European coun- tries:									
Greece.....	5.5	124	6.8	172	8.0	204	8.7	206	8.5
Portugal.....	3.7	46	3.6	49	3.6	50	3.5	71	5.0
Turkey ³	6.9	236	7.4	247	6.7	278	6.8	291	6.5
Total, NATO.....	5.8	5,325	5.6	6,426	6.0	9,503	7.9	11,759	9.6
Total, NATO plus Germany.....	9.3	6,361	5.5	7,616	5.8	11,495	7.7	13,711	8.9
Austria ⁴	2.2	28	1.5	21	.9	21	.7	23	.7
Yugoslavia.....	(⁵)	(⁵)	(⁵)	(⁵)	(⁵)	624	16.7	600	18.2
Total, 15 countries..	(⁵)	(⁵)	(⁵)	(⁵)	(⁵)	12,140	7.8	14,334	8.9
Canada.....	.7	441	2.6	763	4.0	1,643	7.8	2,000	8.7
United States.....	1.2	12,808	4.7	21,947	7.2	43,375	13.0	49,000	14.0

¹ Estimated.² Germany: 1938 is for prewar Reich (boundaries as of 1936). Fiscal year 1950 through fiscal year 1953 represents mostly occupation cost.³ Turkey: MSA estimates for all years.⁴ Austria: Postwar data represent occupation cost and security police. Prewar figure is for 1937.⁵ Not available.⁶ United States: Fiscal year 1953 figure preliminary.

NOTE.—Precise comparisons of the levels of defense expenditure between the European countries and the United States are not possible. The conversion into dollars has been made on the basis of official foreign exchange rates, and the purchasing power of the dollar is appreciably higher in most European countries than in the United States. Intra-European comparisons of the converted dollar figures are subject to similar limitations. Adjustments to make the figures truly comparable cannot now be made.

In considering the percent of the gross national product devoted to defense by the European countries, many other factors have to be taken into consideration. In some cases the rate of troop pay is very low, and figures do not accurately reflect the contribution of the European partners in comparison with the contributions of the United States. Nor do they accurately reflect the worth of the manpower withdrawn from productive employment. With this fact in mind it is also interesting to note the tax receipts in several of the countries and the difficult problem posed by the level of defense expenditures in each of the European countries.

Country	Total tax receipts as a percent of GNP 1952 or 1952-53	Per capita gross national product as a percent of United States 1952-53 ¹
United States.....	26.1	100
Austria.....	33.4	20
Belgium-Luxembourg.....	28.9	37
Denmark.....	21.9	39
France.....	31.4	37
Germany.....	33.9	28
Greece.....	19.1	13
Italy.....	23.9	16
Netherlands.....	31.0	26
Norway.....	27.9	39
Portugal.....	17.2	7
Turkey.....	14.5	9
United Kingdom.....	32.7	37

¹ Ratios computed at legal rates of exchange, hence do not accurately reflect differences among countries in purchasing power.

European defense efforts since 1950 entirely apart from United States and show a marked spurt upward. In 1950 NATO Europe plus Germany spent \$6.4 billion for defense. In 1951 the figure stood at \$7.6 billion; in 1952 at \$11.5 billion and in 1953 at an estimated \$13.7 billion. The NATO plans call for an increase of the amount to \$14.9 billion in 1954. By contrast, United States appropriations for military assistance to Europe have been steadily decreasing. From a high point of \$4.8 billion in fiscal 1952, they decreased to \$3.1 billion in fiscal 1953, and to \$2.2 billion in the pending bill for 1954—a reduction of more than half in 2 years. Thus it will be seen that the costs to be borne by the European NATO countries during fiscal year 1954 will be many times larger than any assistance they receive from the United States. The major increases in European expenditures between the fiscal year 1953 and the fiscal year 1954 will be devoted to the procurement of military equipment and construction of military facilities. The breakdown of expenses by category is set forth in the following tables.

	Fiscal year	
	1953	1954
European military expenditures, NATO and Germany.....	<i>Billions</i>	<i>Billions</i>
Military personnel.....	\$3.5	\$3.6
Equipment.....	3.1	3.6
Military and related construction.....	1.1	1.5
Operating and other costs.....	6.0	6.2
Total.....	13.7	14.9

14. COMMUNIST STRENGTH IN WESTERN EUROPE

Since 1946, the Communist strength in Western Europe has declined somewhat under the impact of improved economic conditions, better national internal security arrangements, and strengthened morale reflecting increased military strength and confidence. During the last year slight Communist gains have been registered in Denmark and Greece. More substantial gains have been reported in Italy as the result of the elections of June 7 and 8. The following table shows the voting strength of the Communist parties in the different countries and the number of seats they held in the parliaments prior to the Italian elections.

Estimate of Communist strength in Western European countries receiving United States aid

Country	Voting strength (percent of total vote polled)		Party membership (in thousands)		Number of seats held by Communists in main legislative body out of total number of seats		Circulation of leading Communist Party newspaper (in thousands)		
	1946	Most recent	1946	Most recent satisfactory estimate	1946	Most recent	1946	Most recent	Newspaper
Belgium.....	12.7	4.7	100	30	23/202	7/212	(1)	35	Drapeau Rouge (French) Rhode Vaan (Flemish edition).
Netherlands.....	11.4	6.16	50	33	10/100	6/100	400	100	de Waarheid.
Denmark.....	² 12.5	4.84	60	16	² 18/149	7/149	35	19	Land og Folk, daily.
France.....	28.2	25.7	850	550	181/625	100/625	1,200	29	Land og Folk, Sunday.
Italy.....	³ 39.7	⁴ 34.7	² 2,300	1,700	219/556	178/556	330	174	L'Humanite.
Norway.....	² 11.9	5.8	35	9	² 11,150	0/185	40	11	L'Unita.
Western Germany..	7.9	5.7	300	126	6/104	15/402	-----	48	Priheten.
United Kingdom...	.4	.07	48	35	2/640	0/625	121	95-100	Frees Volk.
Greece.....	⁶ 9.3	⁷ 11.4	175	50	³ 18/250	0/300	50	8	London Daily Worker.
Austria.....	5.4	5.28	100	60	4/165	4/165	180	100	Avgi.
Iceland.....	20.0	19.5	1	1	10/52	9/52	7.5	6.5	Volkstimme.
Turkey.....	Communist Party and all front organizations are illegal.						-----	-----	Thjod Villjinn.
Yugoslavia.....	Under Tito's control the Communist Party dominates the political life of Yugoslavia.						664	-----	No organ published.
									Borha.

¹ Not available.² 1945 elections.³ Includes vote of parties allied with Communists.⁴ The figures used here are for the Communist-led electoral alliance in those areas voting in the local elections, May-June 1951. The first column for Italy gives the results of the 1948 national elections, and the 2d column indicates the results of the 1951-52 local balloting in areas where elections were held.⁵ Party claims January 1948.⁶ The Communists boycotted the elections and this figure represents an estimate of the number of voters who abstained in obedience to the party's orders.⁷ Pro-Communist United Democratic Left; Greek Communist Party has been banned since December 1947.

The committee was concerned that the voting strength of the Communists in several critical countries, as France, Italy, and Greece has either increased or shown no substantial change since 1946, although the economic conditions of these countries have greatly improved. It explored this situation with administration witnesses who pointed out that the voting strength of the Communist Party did not reflect its actual strength because it draws "protest" votes from many discontented groups, which cannot identify themselves with the major parties. The "hard core" of Communists, as measured by party membership has decreased greatly over the past 7 years. In France, the Communist Party has lost one-third of its members since 1946 and in Italy about one-fourth since 1948. These figures are far more significant than the voting strength and show a very encouraging trend. The committee does not believe that the "hard core" of Communists remaining in Western Europe is of sufficient strength to interfere seriously with NATO defense efforts. Indeed, several attempts of the Communist Parties to do so have been unsuccessful.

B. Military assistance

The illustrative country programs submitted to the committee for military assistance to Europe are as follows:

Belgium.....	\$182,026,000
Denmark.....	92,289,000
France.....	317,488,000
Germany.....	316,538,000
Italy.....	375,722,000
Luxembourg.....	9,000
Netherlands.....	93,656,000
Norway.....	20,056,000
Portugal.....	21,189,000
Spain.....	91,091,000
United Kingdom.....	295,397,000
Yugoslavia.....	216,906,000
Total.....	2,022,367,000
Infrastructure.....	180,000,000
Packing, transportation, administration, and other.....	294,723,870
Total.....	2,497,090,870

These illustrative figures do not reflect savings of \$317,400,000 which the administration made in fiscal 1953 funds. These were applied to the fiscal 1954 authorization, leaving a total of \$2,179,689,870.

15. THE END-ITEM PROGRAM (SEC. 101)

The objective of military assistance is twofold: (1) To provide funds for the equipping and the supplying of defense forces of countries being helped; and (2) to provide fundamental and basic military training to selected personnel of those countries. Training is self-explanatory and needs no discussion. The supplying of equipment for military purposes, when organized into a program, is technically known as an end-item program. This is the heart of the whole Mutual Security Program and specific information about the items in that program directly involves the security of the United States and the free countries associated with it. This information cannot be made public in detail. However, the committee does wish to state the way in which the funds authorized by the Congress have been used. The following table sets forth the nature of the distribution of funds for the fiscal year 1953, up to March 31 of the present year, and the cumulative program as of that date:

Selected major items shipped, as of Mar. 31, 1953

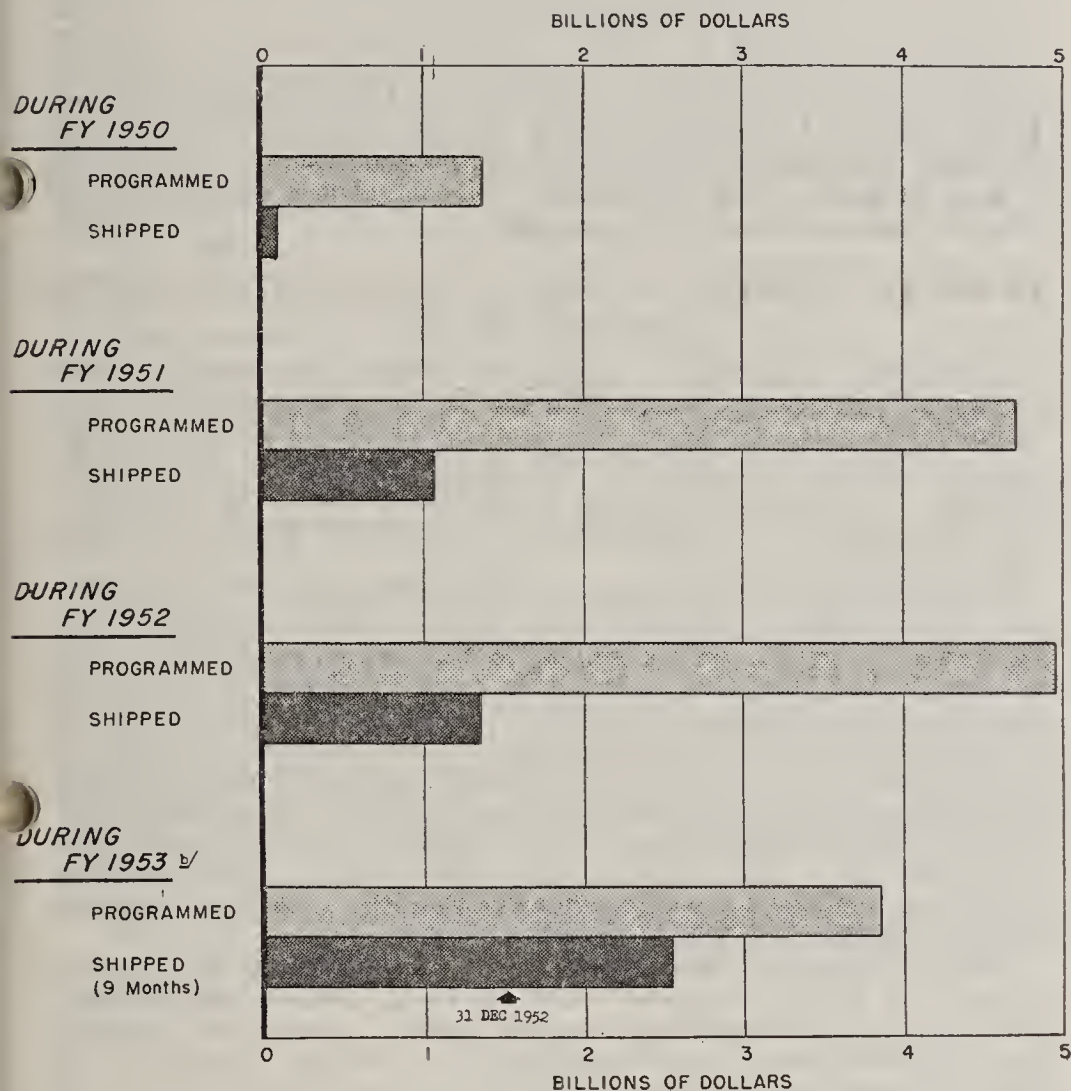
[In number of items and thousand rounds of ammunition]

Military department and major item	During fiscal year 1953 (July through March)	Cumulative Mar. 31, 1953
Army:		
Electronics and other signal equipment.....	41,652	¹ 71,066
Tanks and other combat vehicles.....	12,543	24,545
Motor transport vehicles.....	71,419	130,392
Small arms and machineguns.....	356,363	¹ 1,454,880
Artillery.....	10,202	23,796
Ammunition, small arms and machineguns.....	268,209M	¹ 695,504M
Ammunition, artillery.....	7,096M	16,883M
Navy:		
Vessels.....	116	493
Aircraft.....	169	633
Air Force: Aircraft.....	1,329	3,044

¹ Includes adjustment of previously reported data.

The committee also wishes to point out the steady increase in the supplying of these end items. The black bar in the chart which follows shows the steady growth in this respect from fiscal year 1950 up to March 31 of the current year:

END-ITEMS PROGRAMMED AND SHIPPED UNDER MDAP GRANT AID ^{a/}
DURING EACH OF FY 1950-1953 ^{b/}



^{a/} Value of materiel to be supplied exclusive of charges for repair and rehabilitation of excess stocks and packing, handling and transportation. Includes value of excess stocks.

^{b/} Data for FY 1953 are as of 31 March 1954.

General Ridgway made it clear that the Mutual Security Program for the fiscal year 1954 will supply tanks, electronic equipment and aircraft which are essential to the improvement of the NATO buildup. When combined with the European industrial capacity for defense, which it is planned will be utilized to maximum advantage, this program will supply the essential items required to equip the NATO forces. The committee is of the opinion that no more useful employment of defense funds can be made by the United States.

The end-item program for the NATO countries is based on the overall integrated plans adopted by the North Atlantic Council. For the non-NATO countries of Germany, Spain, and Yugoslavia, the program is based upon existing or prospective bilateral arrangements. Under the program for Germany, provision will be made in advance for the assistance which will be furnished to forces of German origin when and if the European Defense Community Treaty is ratified. The program for Spain is contingent upon the satisfactory conclusion of negotiations now in progress. The program for Yugoslavia is a continuation of military assistance begun 2 years ago.

16. MILITARY ASSISTANCE TO UNITS¹ NOT DEFINITELY AVAILABLE TO NATO (SEC. 606 (a))

Among the conditions for eligibility of Western European nations to receive military assistance from the United States, was the stipulation (sec. 101 of the MDA Act of 1949) that such assistance must go only to units available for the integrated defense of Western Europe. This means, according to Defense Department interpretation, that military equipment can be sent only to units of our allies that are assigned to NATO.

The Department of Defense has requested the easing of this restriction for the following reasons. Some of our Western European Allies have overseas commitments, similar to ours, which require that some of their armed forces be reserved to meet these commitments and therefore cannot be assigned to NATO. Since, under the law as now written, these forces are not eligible to receive equipment from the United States, their governments must provide them with everything. This means that these countries have sometimes to divert production capacity for the manufacture of small amounts of highly specialized equipment easily procured from the United States. This results in waste and inefficient use of productive facilities otherwise available for the equipment of NATO forces.

The requirement in the present law greatly complicates the logistical systems of NATO countries, such as Great Britain and France, which have worldwide military commitments. It means, for example, that a British naval vessel assigned to NATO and equipped with United States furnished radar could not be transferred to the Far East in the normal rotation of the fleet unless the radar were taken off it. The Department of Defense, has, therefore recommended that the President be given the authority to furnish military assistance to units of our NATO allies not assigned to NATO, upon a determination by him that such action will further the purposes of the MDA Act of 1949, as amended.

The committee was informed that this authority would not be exercised as a regular practice. It has, accordingly, approved the

amendment contained in section 606 (a) of the committee bill in the belief that it will be in the interest of the United States to furnish such assistance. The non-NATO units which will receive this assistance in case of emergencies probably be available to NATO. In that event, it is important to NATO and the United States that they be adequately equipped with arms which are standardized with those furnished NATO forces. In the meantime, it should also be kept in mind that these non-NATO units are presently reserved for possible use in areas, such as the Middle East, that are of vital interest to the free world.

17. INFRASTRUCTURE (SEC. 101)

One of the principal weaknesses of NATO has been the lack of logistic support. Among other things, the Air Force needs airfields, the armies need communication facilities, and naval forces need fleet facilities. Fixed military installations, including airfields, command headquarters, and signal communications, and other military public works required by NATO are known as infrastructure. Notable progress has been made during the past year toward providing these facilities. More than half of the 125 airfields approved through the third annual increment will be completed this year. These and other military public works are required urgently for the forces now being organized and trained. They are an essential part of the defense system of the North Atlantic Treaty Organization and therefore an essential element in the Mutual Security Program.

At the Paris meeting in April of the NATO Council the financing of the fourth increment or "slice" of infrastructure was completed and a long range comprehensive, 3-year financing program for 1954, 1955, and 1956 was agreed upon.

The work is paid for through an international cost-sharing agreement among the NATO nations. The total cost through the first four slices is \$1,304 million, of which the United States share is \$534 million, or 41 percent. The United States, however, has been able to negotiate agreements which permit it to deduct foreign taxes from its payments, and these deductions will reduce its net contributions to \$470 million, or 36 percent. The future infrastructure program is estimated to cost \$700 million, with a United States share of \$300 million which will be reduced to \$264 million, or 38 percent, net of taxes.

The following table shows the contributions of each country to each one of the four programs plus the future program in terms of dollars and percent.

Summary of infrastructure contributions and percentages by country, by slice, based on Sept. 30, 1952, cost estimates

[In millions of dollars]

Country	Slice I		Slice II		Slice III		Slice IVa		Slice IVb		Total, I-IV		Future		Grand total	
	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent
Belgium.....	12.2	13.1	16.8	5.1	30.0	6.5	11.5	5.2	9.5	5.1	81.0	6.2	35.6	5.1	116.6	5.8
Canada.....	-----	-----	14.5	4.5	25.5	5.3	13.7	6.2	13.3	7.1	67.0	5.1	49.9	7.1	116.9	5.8
Denmark.....	-----	-----	-----	-----	19.2	4.0	7.3	3.3	5.7	3.1	32.2	2.5	21.4	3.1	53.6	2.7
France.....	42.1	45.5	70.4	21.5	63.0	13.2	30.2	13.8	25.7	13.7	231.4	17.7	96.3	13.7	327.7	16.4
Greece.....	-----	-----	-----	-----	-----	-----	5.6	2.5	1.9	1.0	7.5	.6	7.0	1.0	14.5	7.7
Italy.....	-----	-----	-----	-----	37.7	7.9	14.6	6.6	12.1	6.5	64.4	4.9	45.5	6.5	109.9	5.5
Luxembourg.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Netherlands.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Norway.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Portugal.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Turkey.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
United Kingdom.....	25.3	27.3	58.0	17.7	62.9	13.2	19.6	8.9	21.4	11.5	187.2	14.4	80.2	11.5	267.4	13.3
United States.....	-----	-----	157.4	48.1	204.5	42.8	91.8	41.8	80.1	42.9	533.8	40.9	300.0	42.9	833.8	41.6
Total.....	92.7	100.0	327.2	100.0	478.3	100.0	219.8	100.0	186.8	100.0	1,304.8	100.0	700.0	100.0	2,004.8	100.0

¹ United States net contribution (minus taxes) through Slice IV is \$470 million or 36 percent.

² United States net contribution (minus taxes) to future program is \$264 million or 38 percent.

³ United States net contribution (minus taxes) to all infrastructure is \$734 million or 37 percent.

Section 521 of the Mutual Security Act of 1951, as amended, provides permissive authority for the expending of money for infrastructure projects. Appropriations for this purpose are included in the military public works appropriations for fiscal year 1953. According to information received by the Foreign Relations Committee, the Armed Services Committees do not believe military public works legislation is a proper vehicle for infrastructure but that infrastructure should be provided for under the Mutual Security Act of 1953. Consequently, \$180 million for the United States share is included in the present bill.

18. OFFSHORE PROCUREMENT (SEC. 101)

The purchase of items outside the United States for assisting the defense effort is called offshore procurement. Under this procedure funds are appropriated to the President who allocates the funds to the Director for Mutual Security and in turn to the Defense Department for the purchase of planes, tanks, guns, ammunition, radio sets, etc., abroad. Offshore procurement contracts amounted to \$600 million in fiscal 1952 and are estimated at \$1.4 billion in fiscal 1953 (see table, p. 28). It is anticipated that well over a billion dollars of the funds authorized for fiscal 1954 will be used in this manner.

This type of program produces necessary hardware, helps Europe build toward a self-supporting defense production, and provides economic benefits in the form of dollar payments. The committee believes that there are a number of good reasons for this type of procurement:

(1) It helps to meet urgent military requirements for such things as mine sweepers, aircraft, ammunition, radar, and the like;

(2) It helps create on-the-spot maintenance and replacement potentialities;

(3) It furnishes a minimum mobilization base capable of great expansion in an emergency;

(4) It eliminates the expensive packing, handling, crating and transportation charges which accompany the export of military equipment from the United States to recipient countries;

(5) It creates dollar balances in Europe and thus reduces the needs for dollar aid;

(6) It furnishes an impetus toward self-supporting military production in various NATO countries;

(7) It increases the contributions of our partners to the common defense effort;

(8) It promotes a higher degree of standardization of end-items; and

(9) It improves the morale of our partners in making it possible for them to earn their own way rather than being recipients of aid from the United States.

A substantial part of the funds requested are to be used for the purchase of Hawker-Hunter and the Mystere, Mark IV airplanes to be secured from the United Kingdom, Belgium, the Netherlands, and France. Thus, instead of the purchase of 6 or 7 different types of airplanes this procurement makes possible the securing of the two best types and the simplification of upkeep and maintenance. General Ridgway testified before the committee that the offshore procurement program provided great benefits in placing the equipment more quickly in the hands of the using forces and providing

more dollars and more munitions production abroad, thus taking a heavy load off the United States.

The committee also received evidence that pricewise the cost of items procured offshore is not out of line with the cost of items procured in the United States. The committee desires to emphasize that there is value received in hard, usable military-end items for the money spent on offshore procurement. It is not a subsidy; it is a business deal and is viewed as such by Secretary Wilson and other officials of the Defense Department.

Offshore procurement, value of contracts placed by country of procurement

[Millions of dollars]

Country	Total	During fiscal year 1952 ¹	During fiscal year 1953 ²
Total.....	\$1,446.9	\$648.3	\$798.5
Europe.....	1,432.0	639.4	792.6
Belgium.....	72.1	17.6	54.5
Denmark.....	13.3	5.9	7.4
France.....	607.6	344.4	263.2
Germany.....	4.6	3.9	.7
Greece.....	15.3	10.8	7.5
Italy.....	286.6	141.9	144.7
Luxembourg.....	.5	.3	.2
Netherlands.....	58.6	38.0	20.7
Norway.....	8.7	5.7	3.0
Portugal.....	18.1	0	18.1
Switzerland.....	(³)	(³)	0
United Kingdom.....	343.7	70.9	272.8
Far East.....	14.8	8.9	5.9
Japan.....	9.0	8.9	.1
National Government Republic of China.....	5.8	0	5.8

¹ As of Dec. 31, 1952.

² As of May 2, 1953.

³ Less than \$50,000.

C. Defense support and economic aid (sec. 201)

Of the \$2,680 million programed for Europe, \$500 million will be in the form of defense support and economic aid. The illustrative breakdown of this figure is as follows:

Mutual defense financing

(Country figures are illustrative)

	Millions
Special defense financing:	
United Kingdom (NATO aircraft production).....	\$100
France (NATO military production).....	¹ 100
Defense support:	
Greece.....	20
Italy.....	² 20
Turkey.....	50
United Kingdom.....	100
Yugoslavia.....	45
Economic aid and other:	
Austria.....	20
Germany.....	15
Spain.....	10
Other.....	20
Total.....	500

¹ In addition, \$400 million is requested for financing equipment and support of forces in Indochina.

² Excludes \$37.5 million programed for aircraft production from FY 1953 funds, but estimated to be unobligated on June 30, 1953 and carried over for use in FY 1954.

Although defense support funds for Greece and Turkey are included in the general authorization for Europe, military assistance for these countries is included in the funds for the Near East and Africa.

The first category above, special defense financing, consists of a form of offshore procurement. \$100 million will finance the production of modern jet aircraft in the United Kingdom for the use of United Kingdom forces and \$100 million will buy artillery, ammunition and semiautomatic weapons in France for the use of French armed forces. The financing of these purchases by the United States will assist these countries towards a broad and firm defense production base, and furnish much needed equipment for the NATO forces.

The second category, defense support, is a continuation of last year's defense support program. A total of \$235 million is involved for 5 countries. Defense support assistance will be granted for the purchase of essential raw materials, machines, and equipment to support the defense efforts of Greece, Italy, Turkey, the United Kingdom, and Yugoslavia.

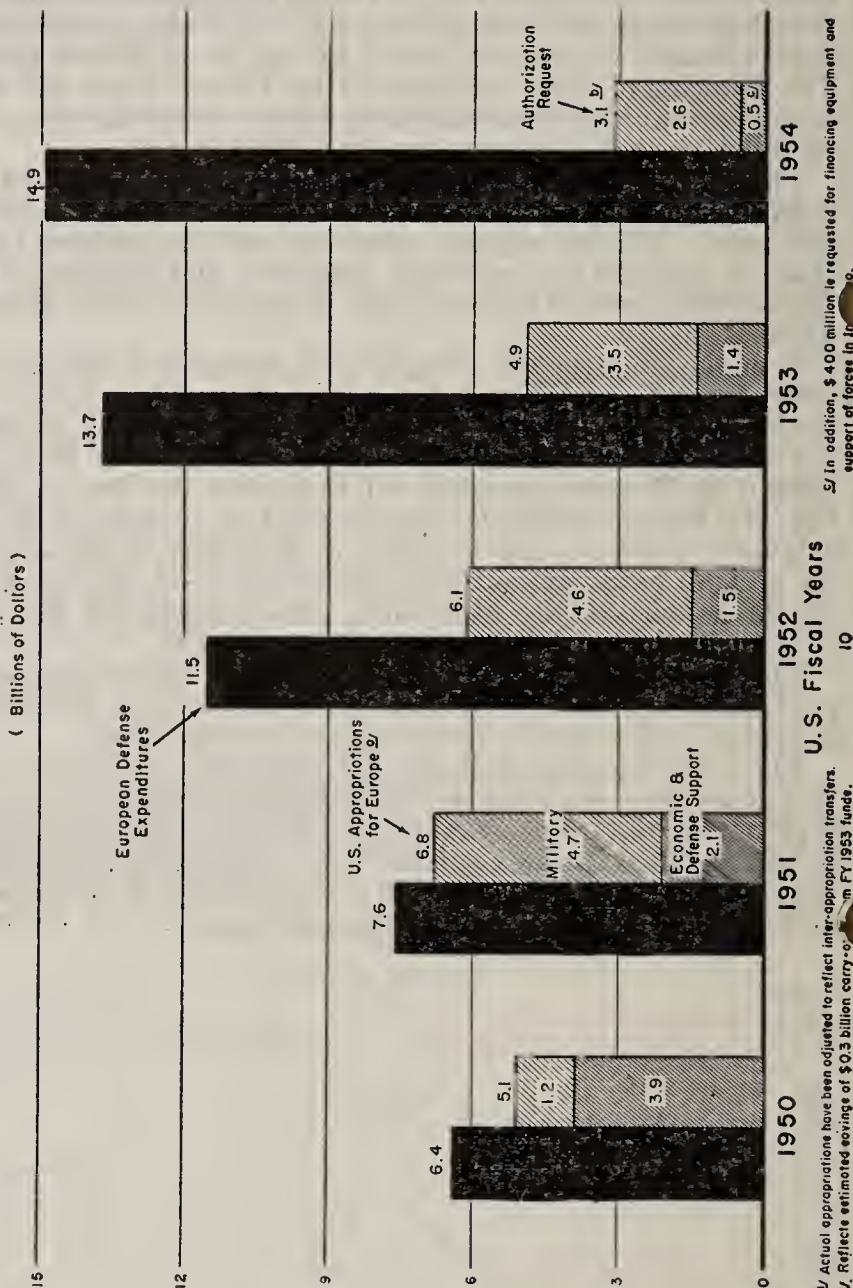
Economic aid, the last category, is a holdover of the Marshall plan. Only Austria and Western Germany will qualify for this assistance. Both these countries have special problems caused by occupation and the split of their territory between the East and the West. The \$15 million for Western Germany will help solve the Berlin refugee problem, and the \$20 million for Austria will help to continue her economic recovery. There is also included an illustrative figure of \$10 million for a small economic aid program for Spain if current negotiations should be successfully concluded. The unallocated \$20 million includes technical assistance and other programs.

There is also an item in the bill of \$400 million for financing the production in France of equipment for the forces in Indochina. This provision is discussed in connection with Indochina.

The following chart will give the perspective of what our Western European allies are doing for themselves and what the United States is giving in military assistance and defense support and economic aid. It will be noted that the shaded area representing the latter program has shrunk materially since 1950 and constitutes only a minor portion of European defense expenditures and United States assistance.

U.S. APPROPRIATIONS FOR AID TO EUROPE AND EUROPEAN DEFENSE EXPENDITURES

While the U.S. contribution has been large, the main cost of the European defense effort has been borne by the Europeans themselves.



D. Non-NATO countries in Europe

19. SPAIN (SECS. 101, 201, AND 601)

For the past few years the United States has sought cooperation with Spain in the development of arrangements that would contribute to the defense of the West. To that end, a total of \$187,500,000 has been made available by the Congress for the extension of economic, technical, and military assistance to Spain. As of March 31, about \$125 million of that amount was unobligated, principally because final agreements have not been concluded with Spain along the lines of those in effect with other countries receiving assistance from the United States.

The bill authorizes the carry-over of these unobligated funds for the next fiscal year and in addition contains funds for limited amounts of military (\$91 million) and economic (\$10 million) assistance to Spain.

The availability of these funds is necessarily contingent upon the conclusion of the agreements. At the present time, the committee was informed, three agreements are under discussion. The first relates to economic and technical assistance; the second to military assistance in the form of end items and training; and the third concerns the terms under which Spanish military facilities would be available to United States forces in the interests of joint defense.

The executive branch of the Government has strongly recommended that funds be made available to enable this Government and Spain to cooperate in our mutual defense. The committee concurs in that recommendation.

20. YUGOSLAVIA (SECS. 101 AND 201)

When Yugoslavia and the Cominform broke with each other in 1948 it marked the turning of Yugoslavia to the west and a desire on her part for closer cooperation with the western powers in order to deter potential aggression from eastern Europe. The Yugoslav Army is one of the largest in continental Europe outside the Soviet bloc. Recent agreements between Yugoslavia, Greece, and Turkey have substantially strengthened the defense posture of Western Europe. Yugoslavia is currently spending a larger part of her low national income for defense than any other country in non-Soviet Europe. This expenditure, when combined with an ambitious development program and two serious droughts, has placed a severe strain on her economy. The United States assistance is a part of a tripartite program with France and the United Kingdom designed to aid Yugoslavia in meeting its import deficit in order to maintain its defense effort.

During fiscal year 1954 the amounts made available for military assistance and defense support will be \$217 million and \$45 million, respectively. Defense support will be required to provide basic materials needed by Yugoslavia such as steel, cotton, wool, crude oil, trucks, tires, and repair parts—all related to the military effectiveness of Yugoslav defense forces.

In supplying this assistance the committee is fully aware of the adherence of both Yugoslavia and Spain to political methods which are contrary to American concepts of personal freedom. The committee believes, however, that both countries would oppose aggression

from the Soviet Union. For that reason the United States should, in its own interest, assist in strengthening their defense capacities.

21. AUSTRIA (SEC. 201)

American assistance for Austria as proposed in the pending legislation will be \$20,000,000.

Most of the American aid for Austria has been used for the purpose of obtaining essential supplies for current consumption and for heavy investment goods required to rehabilitate and modernize Austria's capital plant. The heavy investment phase of this program is now practically complete and current aid is mainly to enable Austria to obtain raw materials and foodstuffs from the dollar area which Austria is not yet in a position to finance out of dollar earnings.

Recent economic progress in Austria has very sharply reduced the need for outside aid. Thus, in fiscal year 1952, aid amounted to \$120,000,000 and in the first 11 months of fiscal year 1953 it stood at \$35,000,000.

The committee expresses again its hope that the Austrian State Treaty may be concluded in the near future, thus enabling that country to develop its own resources without the heavy burden imposed by Soviet occupation of much of eastern Austria.

22. GERMANY (BERLIN) (SEC. 201)

Last year some \$84 million was made available to Western Germany in the form of defense support assistance. This year the administration has requested the authorization of \$15 million to be used exclusively in connection with assistance in solving the Berlin refugee problem. The discontinuance of dollar aid to Western Germany, except Berlin, is consistent with the findings of the MSA evaluation team which recommended: "No further dollar grants-in-aid should be made for Western Germany" because the Federal Republic "has no serious problem of balance of payments with the dollar area", "the German economy has staged a dramatic recovery," and "the Government's fiscal position is sound . . ."

The evaluation team recommended that "limited dollar grants should be made to the Federal Republic for maintenance, transportation, and relocation of refugees through Berlin." It is primarily for this purpose that funds have been requested, although some funds may be used to help integrate those refugees who may remain in Berlin

IV. NEAR EAST AND AFRICA

The following table shows the authorizations contained in the bill for the Near East and Africa:

Military assistance.....	\$405, 212, 637
Technical assistance.....	43, 792, 500
Special economic assistance.....	194, 000, 000
Total.....	643, 005, 137

23. SITUATION IN THE AREA

The Middle East as a whole is characterized by poverty, military weakness, and political and social unrest.

It is an area of very great strategic importance, because of its geographic location and because of its natural resources, which consist principally of one-half of the world's oil reserves.

The security interests of the United States require that further steps be taken to strengthen the area both militarily and economically so that it will be better able to resist potential aggression from without and subversion from within.

The consequences to the free world of the loss of the Middle East would be disastrous. Such a loss would drastically reverse the advantage which the free world now holds over the Communist world in oil reserves. It would cut vital communication and transportation routes to South Asia. It would expose the entire continent of Africa, virtually defenseless, to aggression. It would give the Soviets control of the Eastern Mediterranean and outflank Turkey on the southeastern end of the NATO defense line. Finally, it would greatly increase Communist pressures on South Asia.

The population of the Middle East is predominantly Moslem, and religious beliefs provide a basic defense against overt Communist propaganda. The nature of the Soviet threat, however, is imperfectly understood. Nationalistic feelings run high throughout the area, and there is considerable resentment against the British and French, the two formerly dominant colonial powers. A portion of this resentment is also directed against the United States, by association.

The United States position in the area has further deteriorated since World War II because of American assistance to the State of Israel.

A situation of extreme instability is the result of the combination of all of these factors—poverty, growing nationalism, resentment against the western powers, and subtle, subversive Communist activities.

Basic to all of these problems is the area's poverty. Except for Israel, the highest per capita income in the area is \$125 a year in Lebanon, and this ranges downward to only \$40 a year in many of the countries, compared to \$1,911 in the United States.

The resources of the area are capable of supporting the population at a much higher level than now prevails, and in the past they have done so. But, if maximum use is to be made of the available resources, long-term development projects in conjunction with technical assistance are necessary, principally to improve transportation facilities, to increase the amount of cultivable land, to introduce improved agricultural techniques, and to provide the basis for light industry.

The accomplishment of these objectives would be greatly advanced by a settlement of the outstanding political disputes in the area—chiefly those between Israel and the Arab States, between Egypt and Great Britain, and between Iran and Great Britain. Such settlement would bring nearer to realization the hopes for a Middle East Defense Organization and would also make possible a better coordinated regional attack on the economic problems of the area.

The committee is under no illusions that the program of military, economic, and technical assistance for the Middle East recommended

in this bill is by itself the solution to the area's problems, or that it will by itself solve even the United States problems in the area. A great deal more needs to be done, politically and diplomatically, and particularly in the approach to the area as a whole in American policymaking. But, although the assistance program will not suffice by itself, the committee is convinced that it is an indispensable element and that without it we cannot achieve our objective of a stable Middle East devoted to the principles of collective security.

24. MILITARY ASSISTANCE (SECS. 101 AND 603)

The military-assistance funds authorized in the bill amount to \$405,212,637, compared to \$499,116,500 appropriated for fiscal 1953.

The total amount will provide for—

Military assistance for Greece and Turkey under the North Atlantic Treaty Organization.

Military assistance for Iran on a small scale in a continuation of a program begun under the Mutual Defense Assistance Act of 1949. It is directed primarily to the maintenance of internal order and security.

An additional lump sum, unallocated, for military assistance to other countries of the area. This sum will be particularly useful if any kind of collective regional defense system can be organized. In the meantime, portions of it can be used to advantage in individual countries on a case-by-case basis.

This requires an amendment of existing law in two respects. Section 101 of the Mutual Security Act of 1951, as amended, now authorizes military assistance only to Greece and Turkey and Iran. This section is amended by section 603 (a) of the present bill to authorize the furnishing of military assistance "in the area of the Near East and Africa" as well as to Greece, Turkey, and Iran.

Section 202 of the Mutual Security Act of 1951, as amended, authorizes the President upon certain conditions to utilize no more than 10 percent of the Greek, Turkish, and Iranian military-assistance funds for military assistance to any other country of the Near East area. This section is rewritten by section 603 (b) of the present bill. The 10-percent limitation is removed. Assistance is authorized to "any organization created pursuant to a regional defense arrangement in the area to which the United States has become a party," or to any nation in the general area participating in such an arrangement, or "to any other nation in the general area which the President determines to be of direct importance to the defense of the area and whose increased ability to defend itself the President determines to be important to the security of the United States." This last requirement is similar to that in the existing law, but a new provision is added requiring any such determination by the President to be reported to the Foreign Relations Committee of the Senate, the Foreign Affairs Committee of the House, and the Armed Services Committees of the Senate and the House.

The present bill also requires the recipient nation to agree that the assistance furnished will be used "solely to maintain its internal security, its legitimate self-defense, or to permit it to participate in the defense of the area, or in United Nations collective-security arrange-

ments and measures." The recipient nation is also required to agree that it will not undertake any action of aggression against any other nation.

In view of the unsettled political conditions of the area, the committee regards those assurances as of particular importance and it expects more than lip service to be paid to them. In particular it expects "aggression" to be defined broadly. It further expects that if assistance is furnished under this section the executive branch will make every effort to bring about a termination of the kinds of recrimination and economic aggression that have so frequently characterized the actions of some countries in the area in the recent past.

In other respects, the present bill gives the President some discretion in requiring compliance by the recipient nation with the other conditions for military assistance established by section 511 (a) of the Mutual Security Act and section 402 of the Mutual Defense Assistance Act.

The committee is hopeful that a Middle East Defense Organization will come into existence during fiscal 1954 and that a durable peace settlement can be arrived at between Israel and the Arab States. It is, however, mindful of the tensions and unrest within the area, and it is strongly of the opinion that, in the absence of a collective organization and an Israeli-Arab peace, the strictest controls and supervision over military end-item assistance should be exercised. The committee has received assurances that this will be done.

At the same time, the committee is of the opinion that a military-assistance program of the type proposed can contribute to the achievement of important United States goals in the area. A strengthening of the national military forces will increase protection against subversion and build up the self-confidence of the governments and peoples. Such a revival of self-confidence is a necessary first step to the creation of strength. The availability of the funds proposed for military assistance could also be expected in itself to contribute to the development of an area defense and to bring about cooperation with the West.

The committee believes that the Greek and Turkish programs have been among the most successful of all our military assistance activities, and it unhesitatingly recommends their continuation.

The capital buildup of the Greek forces, begun under the aid program inaugurated in 1947, has been substantially completed and much progress has been made toward that end in Turkey. The assistance authorized for Greece for fiscal 1954 will be devoted primarily to replacement and maintenance. A substantial portion of the program for Turkey will go for the same purpose. With this relatively small amount, we can keep in being, and in training, forces which amount to more than 35 divisions.

American military assistance, however, is the critical margin in the upkeep of these forces. Although rich compared to the Middle East, Greece and Turkey are poor countries in comparison with Western Europe or the United States. They are themselves spending a combined total of roughly half a billion dollars on defense. Without the additional margin provided by American assistance, the Greek and Turkish forces would deteriorate disproportionately in combat effectiveness.

The defense return per dollar expended in military assistance is as high in Greece and Turkey as anywhere in the world. The Greeks and Turks have time and again proven themselves to be among our most stouthearted allies. They have been steadfast in their devotion to the principles of collective security, and they deserve our continued support.

25. TECHNICAL ASSISTANCE (SEC. 401)

The purely technical assistance program for the Near East and Africa included in this bill amounts to \$43,792,500, including programs for the following countries:

	United States contribution	Estimated country contribution		United States contribution	Estimated country contribution
Egypt.....	\$11,876,000	\$15,000,000	Liberia.....	\$1,283,500	\$2,250,000
Ethiopia.....	1,631,000	3,000,000	Libya.....	1,534,000	711,000
Iran.....	13,907,000	18,000,000	Saudi Arabia.....	742,000	2,000,000
Iraq.....	2,237,000	16,640,000	Syria.....	2,937,000	-----
Israel.....	1,521,000	1,500,000	Regional projects.....	1,014,000	-----
Jordan.....	2,258,000	2,160,000			
Lebanon.....	2,852,000	903,000	Total.....	43,792,500	62,164,000

The item of \$140 million in special economic assistance (discussed below) contains an amount of \$11 million necessary to continue the Iranian program at a level of \$25 million.

The item for Syria is included in the table above subject to the negotiation of an agreement with the Syrian Government. There is now no technical assistance program in Syria.

The amount authorized will be spent for the following types of projects:

	<i>Thousands</i>
Agriculture, forestry, and fisheries.....	\$12,356
Health and sanitation (including housing, social welfare, and vital statistics).....	7,238
Education.....	5,268
Natural resources.....	5,624
Industry, trade, and labor.....	2,629
Transportation and communications.....	1,396
Public Administration (including public finance, census, and weather).....	1,230
General projects.....	7,191
Domestic program costs.....	860
Total.....	43,792

Total obligations in fiscal 1952 in this area amounted to \$37,774,000. For fiscal 1953, the estimate is \$51,391,000.

The funds proposed are strictly limited to technical assistance programs and do not include capital development projects which are covered—and in the opinion of the committee properly so—in the funds for special economic assistance, discussed below.

The distinction is important. Although technical assistance might include engineering surveys for an irrigation project, it would not cover construction of the project itself. Or, technical assistance might include teaching airport management, but it would not—and should not—include airport construction.

The committee desires to emphasize again—as it has in the past—that technical assistance is a long-range, relatively small scale program

and that it consists largely of projects designed to teach the people of underdeveloped countries how to make maximum use of the resources now available to them. Technical assistance is not in itself designed to develop these resources.

It should also be emphasized that the technical assistance program is a cooperative venture and the countries aided themselves contribute more in the aggregate than does the United States.

26. SPECIAL ECONOMIC ASSISTANCE (SEC. 403)

The authorization of \$194 million in special economic assistance is composed of: \$140 million for the Arab States, Israel, and Iran; \$30 million for relief of Arab refugees from Palestine; and \$24 million for technical assistance and development in the African dependent overseas territories of European countries.

As noted above, the item of \$140 million for the Arab States, Israel, and Iran includes an amount sufficient to carry on the technical assistance program in Iran at a rate of \$25 million a year. The seriousness of the economic situation in Iran can hardly be overstated. In the face of this situation, the committee has evidence that the relatively modest United States assistance program has exerted a stabilizing influence out of all proportion to its size. Famine conditions in Azerbaijan were overcome by the introduction of new wheat seed, and the resulting great increase in food production not only alleviated the famine but prevented food prices from rising to the same extent as other prices. The committee believes that contributions of this nature in an extremely difficult situation are well worth the cost.

Aside from the amount earmarked for Iran, the remainder of the lump sum of \$140 million for special economic assistance will be used in Israel and the Arab States.

Israel faces the most difficult kind of economic problems. A large population, principally with an urban background, has been imposed upon a small agricultural country with few resources. An economic boycott is maintained against Israel by the Arab States with whom it is technically still at war. The country has an overly large external debt and a severe balance of payments deficit.

In the circumstances, the committee believes a continuation of special economic assistance is justified.

The Arab States face different, but no less serious problems which are deserving of equally sympathetic consideration on the part of the United States. The principal of these problems is the dearth of capital to apply to resource development, which is the only way that living standards can be substantially improved. It is proposed to use a portion of the \$140 million in this section of the bill, in conjunction with other sources of capital, to help finance large scale capital improvements. These will be principally in the fields of water utilization and transportation.

Although most of the territory of the Arab States is desert, there are a number of sizable rivers which flow through the territory and the land is productive when adequate water is available. The reservoirs necessary for irrigation can also provide sources of hydroelectric power which in turn will make light industry more feasible.

The Arab States also lack basic transportation systems, and the filling of this deficiency is a prerequisite to long-term economic development.

The general political and economic climate in the area is such that prompt, dramatic, and tangible results from United States assistance are desirable. Such results cannot be obtained from the technical assistance program, and therefore the committee believes that special economic assistance of the magnitude authorized in the bill is justified for the next year.

27. ARAB REFUGEES FROM PALESTINE (SEC. 403)

The sum of \$30 million under this heading is for a United States contribution to the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). The executive branch informed the committee that although it seeks authorization for this amount, it does not expect to request appropriations during the present session of Congress, since unobligated funds, authorized to be carried over into fiscal 1954, are estimated to be \$44,063,000. This amount, plus the contributions from other United Nations members is expected to be sufficient to meet the actual relief and rehabilitation expenditures of UNRWA during fiscal 1954.

While the committee had some doubt as to the advisability of authorizing the appropriation of an additional \$30 million in view of this carryover, it felt that the authorization at this time would affirmatively indicate United States' willingness to go ahead with its share of the 3-year program designed to get as many of these refugees off relief as soon as possible. Moreover, representatives of the Department of State declared that the authorization at this time was essential to enable UNRWA to negotiate certain large scale projects with some of the Arab countries, enabling them to give productive employment and eventually to rehabilitate certain of the refugees within their borders.

During the course of hearings on the Mutual Security Act for 1953, a subcommittee under the chairmanship of Senator Taft held 3 days of public hearings on the subject of Palestine refugees. Those hearings will be published, as will a report of that subcommittee. Additional information on the subject of refugees is contained in a committee print of May 19, 1953 (Palestine Refugee Program), available to Members of the Senate, as well as in the committee's report on this bill last year (S. Rept. 1490, 82d Cong., 2d sess.)

The committee points out that this is the fifth consecutive year that it has authorized the appropriation of funds for the relief and rehabilitation of some 860,000 Arab refugees who fled from hostilities in Palestine in 1948. During those 5 years the number of persons on the refugee rolls has not decreased. Only a few refugees have returned to Israel. Few have been absorbed into the economies of the countries in which they are now living. The longer this situation continues, the harder it is on the refugees and the more cumulative the relief burden on other states and their people. Primary responsibility for these

unfortunate victims of hostilities rests upon the states of the Near East, as would readily be apparent if the United Nations were to curtail or stop its program. It is incumbent upon these states, therefore, to do their utmost to reconcile their interests with each other to the end that progress may be made during this necessarily limited period while assistance from outside the area is available.

28. DEPENDENT OVERSEAS TERRITORIES (SEC. 403)

This is a \$24 million program for technical assistance and development in the African dependent overseas territories of European countries.

It is directly related to the defense buildup of Europe, the burden of which is too great to allow the European countries involved to undertake development of their overseas territories to the extent necessary.

These territories, however, are important to that defense buildup in a number of ways. They supply strategic materials. Their general economic development will reduce the drain on the economies of the European countries and thus improve the economic position of Europe. Some of the territories are strategically located and are important from the point of view of military bases. To the extent that Europe can fill its raw materials requirements from these territories, it will not have to look to dollar areas or to the Soviet bloc.

The types of projects proposed for fiscal 1954 include general economic development and technical assistance. They will be directed to developing resources, increasing private investment, and expanding productivity. They will also include such things as housing, transportation, and health.

The committee recognizes the importance of the dependent overseas territories to the free world. Since 1949 our Government has made available some financial assistance for these areas. While our aid has been supplementary and marginal to that of the parent countries it has helped maintain an orderly rate of progress which is essential in those territories that are making the difficult transition to self-government or independence.

V. ASIA AND THE PACIFIC

The following table shows the authorizations contained in the bill for countries in Asia and the Pacific:

Military assistance.....	\$1, 081, 620, 493
Economic assistance and defense support.....	107, 000, 000
Technical assistance.....	49, 100, 000
Special economic assistance to India and Pakistan.....	94, 400, 000
Korean reconstruction.....	71, 000, 000
Special defense financing for Indochina.....	400, 000, 000
Total.....	1, 803, 120, 493

The authorization for all forms of assistance to Asia and the Pacific amounts to almost one-third the total in the bill, and it is more than double the amount appropriated for the area last year (\$811,379,000).

The illustrative technical and special economic assistance programs for Asia and the Pacific and the estimated contributions from each country are as follows:

	United States contribution	Estimated country contribution
Afghanistan.....	\$1, 400, 000	\$5, 000, 000
India.....	110, 000, 000	149, 000, 000
Technical.....	30, 100, 000	
Economic.....	79, 900, 000	
Indonesia.....	4, 000, 000	8, 460, 000
Nepal.....	600, 000	500, 000
Pakistan.....	27, 500, 000	37, 264, 000
Technical.....	13, 000, 000	
Economic.....	14, 500, 000	
Total.....	143, 500, 000	200, 224, 000
Technical.....	49, 100, 000	
Economic.....	94, 400, 000	

In addition, there are defense support and other economic and technical assistance programs as follows:

Formosa.....	\$70, 000, 000
Indochina.....	25, 000, 000
Philippines.....	17, 000, 000
Thailand.....	5, 000, 000
Dependent overseas territories.....	1, 000, 000
Total.....	118, 000, 000

This total of \$118 million does not reflect \$11 million in savings made in previously appropriated funds which will be applied to the Formosa and Indochina programs. These savings will reduce the total from \$118 million to \$107 million.

29. SITUATION IN THE AREA

The area of Asia and the Pacific covered by the bill has a population of more than 600 million and stretches over thousands of miles in a great arc along the southern and eastern borders of the Soviet bloc. From Pakistan and Afghanistan on the west, the area extends across India to southeast Asia and northward through the Philippines and Formosa to Japan and Korea.

Of the 13 countries included in the aid program for this area, 8 have attained their independence since the end of World War II—Pakistan, India, Indonesia, the 3 Associated States of Laos, Cambodia, and Vietnam, the Philippines, and the Republic of Korea.

In addition, Japan has only recently regained its sovereignty after a drastic change in form of government. Formosa was regained by the Nationalist Government of China only at the end of the war after many years of Japanese occupation.

Only Afghanistan, Nepal, and Thailand were independent states with their approximate present territories prior to World War II; and Thailand was subject to Japanese occupation during the war.

In a very real sense, therefore, democratic self-government is on trial throughout the area. The wave of nationalism which led to independence is coupled with an insistent demand for improved standards of living. The new governments, which must meet this demand if they are to survive, are handicapped by a lack of skilled administrators and technicians and by the extreme poverty of their countries. The people live so close to the subsistence level that virtually the whole of the national product is needed for immediate consumption and it is next to impossible to divert any wealth to economic development.

These economic problems are further complicated by active and costly hostilities in Korea and Indochina where military problems must necessarily be of paramount concern. Military problems also dominate the situation in Formosa.

Three main types of assistance are proposed in the bill to deal with these problems. There are substantial programs of military end-item assistance for Formosa, Indochina, and a few other countries in the area. Secondly, there are programs of technical assistance which are limited mainly to providing the know-how needed to improve public health, agriculture, transportation, and education. Finally, there are limited programs of economic assistance which will provide a moderate amount of support for capital development projects.

Although each of these types of assistance is sharply distinguished from the others, they will all be administered as an integrated whole. The maximum effectiveness of each depends upon its wise use in conjunction with the others.

30. INDIA AND PAKISTAN (SECS. 401 AND 404)

The bill includes economic and technical assistance amounting to a total of \$110 million for India and \$27,500,000 for Pakistan. The Indian figure includes \$30,100,000 in regular technical assistance and \$79,900,000 in special economic assistance. For Pakistan, the figures are \$13 million in technical aid and \$14,500,000 in special economic assistance.

The money will be used to carry on the established point 4 programs in the two countries and also to provide certain critical capital development funds.

In India, American assistance will be in support of the Indian Government's 5-year plan of economic development, now in its third year. In the present year and in the 2 remaining years of the plan, it is estimated that the resources available to the Indian Government, both from within India and from outside sources other than the United States Government, will fall \$600 million short of providing the funds necessary to achieve the plan's objectives. The amount of \$110 million authorized for India in this bill is designed to meet, in part, this shortfall.

The Pakistan Government likewise has an economic development plan which the committee believes should receive assistance from the United States on the scale provided in the bill and for the same reasons. The assistance provided to Pakistan is in addition to the special emergency supply of wheat which is now under consideration by Congress. It should be pointed out, however, that a sub-

stantial portion of the assistance for Pakistan in the bill is for agricultural improvements, and water development and irrigation projects which will make a recurrence of the present food emergency less likely.

In both India and Pakistan, democratic government is on trial and is faced with the challenge of economic improvement in a strategic and economically depressed area of the world. The committee is of the opinion that assistance on the scale provided in the bill is amply justified.

In the words of the Secretary of State, "a pretty important competition" is now going on between India and Communist China over whether democratic processes or police-state methods are more effective in raising standards of living in underdeveloped countries. It is important to the United States that the result of this competition be in favor of democratic processes.

Note should also be made of Pakistan's stature as a leader in the Moslem world. A strong, stable Pakistan, with an expanding economy in the framework of a free society, would exert a very great stabilizing influence. The committee believes the executive branch should give increased attention to our relations with Pakistan, and it hopes that the program provided for in this bill will constitute a significant step in that direction.

The following tables show on an illustrative basis the major purposes and types of projects for which the aid to India and Pakistan will be spent:

India

Agriculture, forestry and fisheries.....	\$25, 575, 000
(Includes \$12,933,000 for irrigation wells and ground water survey, \$6,674,000 for research and distribution of fertilizer, and other projects in agricultural extension, fisheries, harbors and marketing facilities.)	
Health and sanitation.....	8, 507, 000
(Includes \$5,562,000 for malaria control and \$2,945,000 in other projects in rural health, medical training, industrial hygiene, housing development, community services, and vital statistics.)	
Education.....	5, 034, 000
Natural resources.....	28, 316, 000
(Includes \$26,735,000 for river valley development projects to control floods and to provide water for irrigation and power for tubewells.)	
Industry, trade, and labor.....	32, 832, 000
(Includes \$18,213,000 for iron and steel for agricultural implements and irrigation, \$4,013,000 for import of copper, \$7,956,000 for fertilizer production, and \$2,650,000 for other projects such as assistance to village and cottage industries, artisan training, provision for consultants to industry, sulfuric acid production, and assistance to building materials research and labor problems.)	
Transportation and communications.....	639, 000
Public administration.....	81, 000
Community development.....	8, 763, 000
Domestic program expenses.....	253, 000

It is estimated that the Indian Government will contribute the rupee equivalent of \$149 million to the program.

Pakistan

Agriculture, forestry, and fisheries.....	\$13,040,000
(Includes \$6,513,000 to increase fertilizer use, \$3,489,000 to increase irrigated area, \$1,598,000 for land clearance and reclamation, and other projects in erosion control, fisheries development, locust control, farm management training, a canal sedimentation survey, and forest products research.)	
Health and sanitation.....	1,575,000
Education.....	2,525,000
Natural resources.....	1,225,000
Industry, trade, and labor.....	3,049,000
Transportation and communications.....	1,090,000
Village agricultural-industrial development.....	4,820,000
Domestic program expenses.....	176,000

The estimated Pakistan contribution to the program will amount to \$37,264,000.

31. INDOCHINA (SECS. 101 AND 201)

Indochina is of crucial importance not only to southeast Asia but also to the success of NATO in Europe. The Indochina war has been going on for 6 years at great cost to the French and to the Associated States of Vietnam, Laos, and Cambodia.

The drain on French resources has been greater than the total American aid to France in the corresponding period. The drain on French manpower has been even more serious. The French, with their relatively small population, have lost more men killed in Indochina than the United States has lost in Korea, and the casualties have been particularly heavy among officers and noncommissioned officers.

The toll of the Indochina war has prevented France from making her full contribution to NATO and the defense of Western Europe. The size of the French commitment in Indochina has also contributed to French reluctance to enter into the European Defense Community. A liquidation of this commitment—or even an easing of the burden on France—would immeasurably strengthen Western Europe. It would also, of course, very greatly contribute to the stability of all of southeast Asia.

The war has had grievous effects upon the newly independent states of Laos, Vietnam, and Cambodia where inexperienced governments have been faced with almost insurmountable problems of administration, public unrest, and economic weakness.

The free world cannot afford to lose the war in Indochina. But so far, neither has the free world been able to win it. It is of the utmost importance that this stalemate be ended. Pacification of the country must be the first objective of our policy.

To this end, the bill includes a substantial authorization for direct end-item military assistance to the forces of the French and the Associated States. The need for this assistance is urgent. The committee strongly believes that the full amount authorized is thoroughly justified, and it urges that all appropriate steps be taken to expedite deliveries to this critical area.

In recognition of the inseparable nature of the French problems in Europe and the Indochina problems in Asia, the bill also includes a special authorization of \$400 million for the procurement of equipment, materials, and services for the forces in Indochina. This type of assistance will produce multiple benefits in that the same dollars

will help the French economy, will increase defense production in France, and also will make a direct military contribution to the Indochina fighting.

The committee also provided that, in the event of the cessation of hostilities, unexpended balances of this fund may be used for economic and technical assistance and for rehabilitation and relief in the areas of Vietnam, Laos, and Cambodia which the President determines not to be under Communist control. The authority is discretionary. Although there is no assurance that the hostilities will end in the next year, or if they do end, that there will be any unexpended balances remaining in the fund, the committee felt that it was desirable to give the President authority to act promptly if necessary. The committee recognizes that there will be enormous problems of reconstruction in the Associated States when the fighting stops, and this provision is an attempt to be prepared for those problems to some extent in advance.

There is also a relatively small amount of something less than \$25 million included in the bill for economic and technical assistance while the fighting continues (see table, p. 40). This does not appear to the committee to be excessive. The economic position of the Associated States is deteriorating, and even with the assistance included in this bill, the outlook is still for a continuing decline, or at least no improvement, in urban living standards. Some outside economic support is imperative if an economic collapse, with its attendant political and social chaos, is to be avoided in this critical area of actual military operations.

32. FORMOSA (SECS. 101 AND 201)

The committee is impressed with evidence which it has received of a notable improvement in conditions on Formosa since the establishment of the Nationalist Chinese Government there in December 1949. The improvement has been general and applies to public administration, to economic conditions, and to military preparedness.

The United States is committed to support the Chinese Nationalist Government on Formosa, and the programs authorized by this bill are the principal means of that support. The strategic importance of Formosa to the defense of the United States and of United States interests in the western Pacific has often been stated and is here reiterated.

A substantial portion of the military assistance authorized for Asia and the Pacific is for the Nationalist Chinese forces on Formosa. These forces constitute one of the largest anti-Communist armies in the Far East. Testimony before the committee indicates that the training of these forces is proceeding and that some units are in a state of combat readiness. But they still need further training and additional equipment, part of which will be supplied under this bill.

The military-assistance authorization includes funds for the import of certain common-use items, such as petroleum products, which are needed by both the military and the civilian economy. Last year, these items were provided out of economic-assistance funds.

The economic assistance authorized this year amounts to something less than \$70 million (see table, p. 40). The Formosan economy has been under severe strains. Before it had recovered from the years of Japanese exploitation, it received the additional impact of hundreds

of thousands of refugees from the China mainland plus the large military establishment which accompanied the Nationalist Government. The population of the island, which is normally about 7 million, has increased to about 9 million in the last few years, and a large part of this increase has been the economically unproductive military element.

It has been essential, therefore, to provide outside economic help to support the island. By means of this help and the efforts of the Chinese themselves, considerable progress has been made. Both rice and sugar were produced last year in excess of the island's needs, and the surplus was exported. It should be possible to look forward in a few years to the time when Formosa will become self-supporting in foods. In the meantime, however, the short-term picture is somewhat less favorable this year. Uncertainty about possible future military operations has led to the hoarding of rice, and the world sugar price is down from last year. It is therefore necessary to continue economic assistance. This assistance will take the form of financing certain essential dollar imports and of continuing the work of the Joint Commission on Rural Reconstruction.

33. JAPAN (SEC. 101)

Funds are provided for military assistance to Japan for the first time under the Mutual Security Program. The Japanese Constitution forbids the maintenance of national armed forces, but the Japanese do have internal security forces, which have an important part to play in protecting the country against indirect aggression in the form of subversion and which would also be available to defend the country against direct foreign attack.

The funds provided in this bill will supply weapons and equipment to these internal security forces, subject to the negotiation of suitable arrangements with the Japanese. The funds would also be available for the more conventional type of military assistance in the event the situation should require it.

The committee believes that it is important for the Japanese to assume increasing responsibilities for their own defense, and it therefore recommends approval of the program of military assistance provided by the bill.

The bill does not include any economic or technical assistance for Japan.

34. KOREA (SECS. 504 AND 604)

The bill contains an authorization of not to exceed \$71 million for contributions to the United Nations Korean Reconstruction Agency, or such other agency as the President may direct, and in addition authorizes the Army to turn over to UNKRA up to \$40,750,000 in civilian relief supplies which, it is estimated, will be in the Army pipeline at the time UNKRA takes over the Army's relief operations in Korea.

These two sums, totaling \$111,750,000, will complete the United States' pledged contribution of \$162,500,000 to UNKRA. The United States pledge amounts to 65 percent of UNKRA's total budget of \$250 million. Contributions of approximately \$51 million have already been made by the United States. The committee believes it

highly desirable that the U. N. program be ready to function with full effectiveness in the event peace is restored in Korea.

The bill also makes a technical change in section 302 (a) of the Mutual Security Act, which would have the effect of permitting the inclusion of Korea in our general programs of technical and economic assistance in the Far East.

35. PHILIPPINES (SECS. 101 AND 401)

The program in the Philippines includes military, economic, and technical assistance in small amounts.

The military program is directed to supply the Philippine forces with the equipment necessary to preserve internal order and to help defend the country against external aggression. Encouraging progress has been made in building up these forces and in dealing with the Huk guerillas inside the Philippines. It is therefore possible to reduce the amount of military assistance in fiscal 1954.

The economic-technical assistance programs in the Philippines amounts to \$17 million. The emphasis is on technical-assistance projects of the point 4 type, but there is also a small amount of dollar-import financing.

The committee received evidence that operations of the Mutual Security Agency in the Philippines have not been satisfactory, and it believes that in some cases the criticisms are justified. The committee is also of the opinion, however, that MSA is aware of the defects in the Philippine program and is taking steps to correct those which have been most flagrant. The scope of the program has been reduced considerably, and this should lead to more satisfactory results.

VI. LATIN AMERICA

The bill authorizes the following appropriations for assistance to Latin America:

Military-----	\$15, 000, 000
Technical-----	24, 342, 000
Total-----	39, 342, 000

36. SITUATION IN THE AREA

Geographic proximity and common historical experience, first as colonies of European powers and later as independent states, have tied the United States and the American Republics into mutually advantageous arrangements for many years. The Organization of American States, of which all are members, is in some ways the oldest and most effective regional organization to which the United States belongs.

The average per capita income in the American Republics ranges from a high of approximately \$392 in Venezuela to a low of \$48 in Haiti as contrasted with \$1,911 in the United States. The basic economy of the Latin American Republics is agricultural and, accord-

ing to United States standards, many of the agricultural methods practiced are inefficient and obsolete. Because of this it is frequently necessary for the American Republics to purchase food abroad, and this requires foreign exchange that is oftentimes not available. The outlook for an improvement in the situation without outside aid is discouraging because inflation is prevalent in most countries and deficit financing is used to further economic development. Inflation has brought an increase in imports while exports and real wages have actually declined. The solution lies partly in increased productivity and partly in the establishment of new and effective monetary and credit policies.

The purposes of the assistance programs contemplated in this bill are twofold: First, to provide necessary military equipment for the Latin American countries pursuant to the agreements between the United States and those countries; second, to provide technical and economic assistance for the improvement of standards of living. The technical and military assistance combined, contemplated in this program for the American Republics, is relatively small but of great importance to the United States economically and securitywise. The value of the program is out of proportion to its relative size. Funds appropriated for this purpose, in the opinion of the committee, are wise expenditures strengthening a vital area on the doorstep of the United States.

37. MILITARY ASSISTANCE (SEC. 101)

The military assistance program for fiscal year 1954 calls for \$15 million to provide and maintain the necessary military equipment noted above. It will continue a program that began during World War II in cooperative defense efforts for the protection of the Western Hemisphere. In the Rio Treaty of 1947, the American Republics assumed joint responsibility for hemispheric defense, and since that date the American Defense Board, on which the United States and the Latin American Republics have military representatives, has planned the collective defense contemplated in the treaty. As a part of this program the United States has undertaken to strengthen the southern republics through military assistance so that they will be able to make a more substantial contribution to hemispheric defense in the event of war. Under this program the participating countries have assumed responsibility for specific missions of practical military benefit to the United States in protecting certain strategic areas. It is a joint enterprise in which the United States furnishes training and equipment to meet the deficiencies of the participating countries while the latter contribute their own manpower, money, and equipment as their share in the joint enterprise. It is doubtful that several of the countries would be able to make any appreciable contribution to the common purpose and their respective missions without United States contributions, for every Latin-American country is severely restricted because of the lack or limitation of available funds for defense purposes. For example, the entire national budget of some countries would be required to meet the expense of one regimental combat team.

38. TECHNICAL ASSISTANCE (SEC. 401)

The following table shows the technical assistance program proposed for the American Republics in fiscal 1954, with the estimated contribution from each country:

	United States contribution	Estimated country contribution		United States contribution	Estimated country contribution
Bolivia	\$1, 476, 500	\$2, 100, 000	Nicaragua	\$674, 700	\$1, 122, 400
Brazil	3, 604, 000	15, 663, 000	Panama	1, 228, 400	1, 785, 700
Chile	1, 729, 900	3, 276, 600	Paraguay	1, 534, 800	1, 159, 200
Colombia	1, 707, 300	3, 583, 200	Peru	2, 054, 800	2, 699, 300
Costa Rica	1, 090, 900	1, 221, 300	Uruguay	515, 000	600, 000
Cuba	2-2, 100	115, 000	Venezuela	187, 500	1, 461, 400
Dominican Republic	523, 400	171, 000	Dependent overseas territories	197, 000	-----
Ecuador	1, 341, 600	3, 094, 000	Regional projects	1, 245, 900	-----
El Salvador	763, 500	1, 300, 000	Domestic program costs	970, 000	-----
Guatemala	211, 400	703, 800			
Haiti	808, 600	1, 000, 000			
Honduras	977, 300	2, 200, 000			
Mexico	1, 257, 400	1, 200, 000	Total	24, 342, 000	44, 455, 900

This assistance is designed to make improvements in the vital areas of health, education, and agriculture.

These are traditionally the fields in which these types of activities are financed by governments or nonprofit organizations. In spite of their meager resources, as will be seen from the figures just given, Latin-American governments are paying a large share of the program, on the average almost two-thirds.

The following kinds of illustrative projects are involved:

Agriculture, forestry, and fisheries	\$8, 360, 400
Health and sanitation (including housing, social welfare, and vital statistics)	6, 288, 900
Education	3, 265, 200
Natural resources	1, 044, 800
Industry, trade, and labor	2, 004, 400
Transportation and communications	1, 051, 000
Public administration (including public finance, census, and weather)	1, 145, 000
General projects (regional information program and technical assistance to the Brazilian Economic Development Bank)	212, 300
Domestic program cost	970, 000
Total	24, 342, 000

There are two principal economic objectives:

(1) to assist in overcoming weaknesses in the economic structure which are responsible for political and economic instability, and (2) to increase production of basic materials which are vital to the United States and which will produce export earnings for Latin America. The emphasis in all the countries and in the regional programs is upon supplying food, improving health and sanitation, and developing education. In the smaller programs dealing with development of natural resources, public works, transportation, industry, handicraft,

public administration, and government service, the chief aim is to train local personnel so that they will be able to assume responsibility for the development and operation of future programs.

VII. MULTILATERAL PROGRAMS

39. MULTILATERAL TECHNICAL ASSISTANCE (SECS. 502 AND 608)

The committee endorsed the Administration's proposal to contribute \$13,750,000 to multilateral technical assistance programs of which \$12,750,000 will go to the United Nations' program and \$1 million to the Organization of American States.

The United Nations program has been supported by the United States since its inception in 1950. Psychological and geographic factors make an international program in certain regions of the world preferable to a strictly bilateral United States technical assistance program. The committee has been assured that there is no duplication—rather there is close coordination—between the multilateral programs and the bilateral ones conducted by the United States.

The United Nations program is carried out by the United Nations and its specialized agencies. The program is administered by the United Nations Technical Assistance Board, composed of representatives from the specialized agencies and the United Nations, and reviewed by the Technical Assistance Committee, a body made up of the members of the Economic and Social Council. The Soviet Union and its satellites have made no contributions to the program and are not represented on the Technical Assistance Board. Because of membership on the Economic and Social Council, the Soviet Union and Poland are on the Technical Assistance Committee, which has, however, only advisory and general review functions.

As in the past, for fiscal year 1954 the administration proposes that the United States contribution will be approximately 60 percent of total United Nations contributions. For calendar year 1953, 67 nations have pledged more than \$21 million toward the program, an increase over previous contributions.

The inter-American technical assistance program, begun in 1951, is a regional program to which 18 nations so far have pledged \$1,215,653 for calendar year 1953. The United States has pledged \$1 million each year provided this does not exceed 70 percent of total contributions.

The committee has always been concerned about the large percentage of United States contributions to the United Nations and its agencies and programs and hopes that the administration will continue to make every effort to reduce these percentages.

The following tables show past United States contributions to the United Nations program by geographic areas and the estimated program for calendar year 1953 by projects.

Multilateral Technical Cooperation—United States contributions to multilateral programs, comparative summary of United States obligations by geographic region

	Actual, fiscal year 1952	Already appropriated	Estimate, fiscal year 1953, pending	Total	Estimate, fiscal year 1954
United Nations:					
Europe.....	\$342,000	\$651,333	\$365,812	\$1,017,145	\$1,000,000
Near East and Africa.....	3,744,000	2,560,000	1,440,000	4,000,000	4,000,000
Asia and the Pacific.....	4,914,000	2,720,000	1,530,000	4,250,000	4,250,000
Latin America.....	2,400,000	2,240,000	1,260,000	3,500,000	3,500,000
Total.....	11,400,000	8,171,333	4,595,812	12,767,145	12,750,000
Organization of American States: Latin America.....	930,000	1,000,000	-----	1,000,000	1,000,000
Total.....	12,330,000	9,171,333	4,595,812	13,767,145	13,750,000

United Nations expanded program of technical assistance—Comparative summary of obligations by major project category

Major project category	Actual, calendar year 1952	Estimate, calendar year 1953
1. Agriculture, forestry, and fisheries.....	\$6,369,000	\$7,017,000
2. Health and sanitation (including housing, social welfare, and vital statistics).....	6,098,000	6,914,640
3. Education.....	3,256,000	2,980,800
4. Natural resources.....	640,000	858,900
5. Industry, trade, and labor.....	2,415,000	3,117,620
6. Transportation and communications.....	1,102,000	1,182,000
7. Public administration (including public finances, census, and weather).....	1,783,000	1,873,640
8. General projects.....	1,037,000	1,055,400
Total.....	22,700,000	¹ 25,000,000

¹ As of Apr. 1, 1953, 67 governments had pledged a total of \$21,278,575 toward this program.

The bill contains a technical amendment to section 404 (b) of the Act for International Development, which would have the effect of continuing the authorization in that section for the remainder of calendar year 1953.

The last proviso of section 404 (b) authorizes appropriations of not to exceed \$15,708,750 for contributions to United Nations and Organization of American States technical assistance programs during fiscal 1953. Approximately \$4 million of that amount has not been appropriated and the deficiency appropriation bill carrying it will not be ready before the end of the fiscal year.

The present bill substitutes "calendar" for "fiscal" in the proviso.

40. INTERNATIONAL CHILDREN'S WELFARE (SEC. 502)

The United States has consistently supported the United Nations International Children's Emergency Fund since its establishment in 1946. For continued support, the administration requested \$9 million for calendar year 1954. Last year the Congress authorized \$16,481,000 for this purpose, of which \$6,666,667 was appropriated. A supplemental appropriation request for the balance is pending before the appropriate committees.

In the past few years, United States efforts have resulted in a shift from straight relief to more permanent technical assistance-type programs such as local maternity and child-welfare projects of such a

nature that the recipient country may ultimately be able to carry on without outside assistance. At the end of the current calendar year about 60 million children in 79 countries and territories will have been assisted by the fund. Since its inception 61 governments have contributed or have made firm pledges to UNICEF.

At the coming fall session of the United Nations General Assembly, the future of the Children's Fund, which was extended by 3 years in 1950, will be decided. In the meantime, the fund desperately needs United States support. The authorization is "for the support of international children's welfare work in such manner and on such terms and conditions as he [the President] may deem to be in the interests of the United States." This will make it possible to contribute to a successor agency to the Children's Fund if one should be established.

In recognition of the humanitarian work being done by the fund, the committee voted to increase the requested authorization to \$13 million. It is believed that this kind of cooperation in the development of services to meet the health, welfare, and nutritional needs of the children of the underdeveloped countries is a constructive venture which the United States ought to support.

41. MOVEMENT OF MIGRANTS (SEC. 501)

The administration requested a third installment of \$10 million as a United States contribution to the Intergovernmental Committee for European Migration (ICEM). The request is based on the estimated need to move about 700,000 migrants a year for 5 years to relieve growing population pressures in Europe. Of this number, during fiscal year 1954, ICEM proposes to assist approximately 140,000 with a total budget of about \$40 million or about \$300 per migrant. The ICEM's past, present, and proposed program is outlined in the tables below.

TABLE 1.—*Intergovernmental Committee for European Migrants—Summary of movement of migrants*

	Number of migrants		
	Actual, calendar year 1952, Feb. 1–Dec. 31	Estimate, calendar year 1953	Estimate, calendar year 1954
From—			
Austria.....	11,012	13,000	15,200
Germany.....	38,276	42,800	50,000
Greece.....	495	5,000	5,700
Italy and Trieste.....	12,278	44,700	53,000
Netherlands.....	10,052	9,700	10,400
Others.....	5,513	4,800	5,800
Total.....	77,626	120,000	140,000
To—			
Australia.....	15,486	26,600	31,200
New Zealand.....	397		
Canada.....	8,853	18,700	23,200
Argentina.....		20,000	28,000
Brazil.....	9,797	23,000	23,500
Other Latin America.....	2,812	16,000	17,000
United States.....	¹ 38,102	12,500	12,500
Others.....	2,179	3,200	4,600
Total.....	77,626	120,000	140,000

¹ Represents ethnic Germans and displaced persons from Germany and Austria entering the United States under the Displaced Persons Act of 1948, as amended.

TABLE 2.—*Comparative budget estimates, Intergovernmental Committee for European Migration*

	Actual calendar year 1952	Estimate calendar year 1953	Estimate calendar year 1954 ¹
1. Administration.....	\$2, 359, 060	\$2, 147, 000	\$2, 400, 000
2. Operations.....	26, 574, 916	34, 608, 475	38, 000, 000
Total.....	28, 993, 976	36, 755, 475	40, 400, 000

¹ Estimates not yet acted upon by ICEM.

The committee points out that in April 1953 some 22 governments were members of ICEM including 12 in Western Europe, 6 in Latin America, and Australia, Canada, Israel, and the United States. The large number of participating governments reflects the active interest of the free world in resolving this difficult problem. The need is great and the committee hopes the ICEM will proceed with all possible speed and efficiency to accomplish its objectives.

VIII. ADMINISTRATION

42. REORGANIZATION PLAN

It will be recalled that in 1951 the Congress was dissatisfied with the administration of foreign aid because the lines of responsibility were not clear and there was a certain amount of overlapping and duplication of effort among the agencies involved. The Mutual Security Act of 1951 authorized the President to appoint a Director for Mutual Security in the Executive Office of the President so that the program could be coordinated and administered in a unified way.

The following year, the Committee on Foreign Relations noted in its report that it was "well impressed * * * with the coordinated approach to the mutual security legislation as evidenced by the administration's presentation * * *."

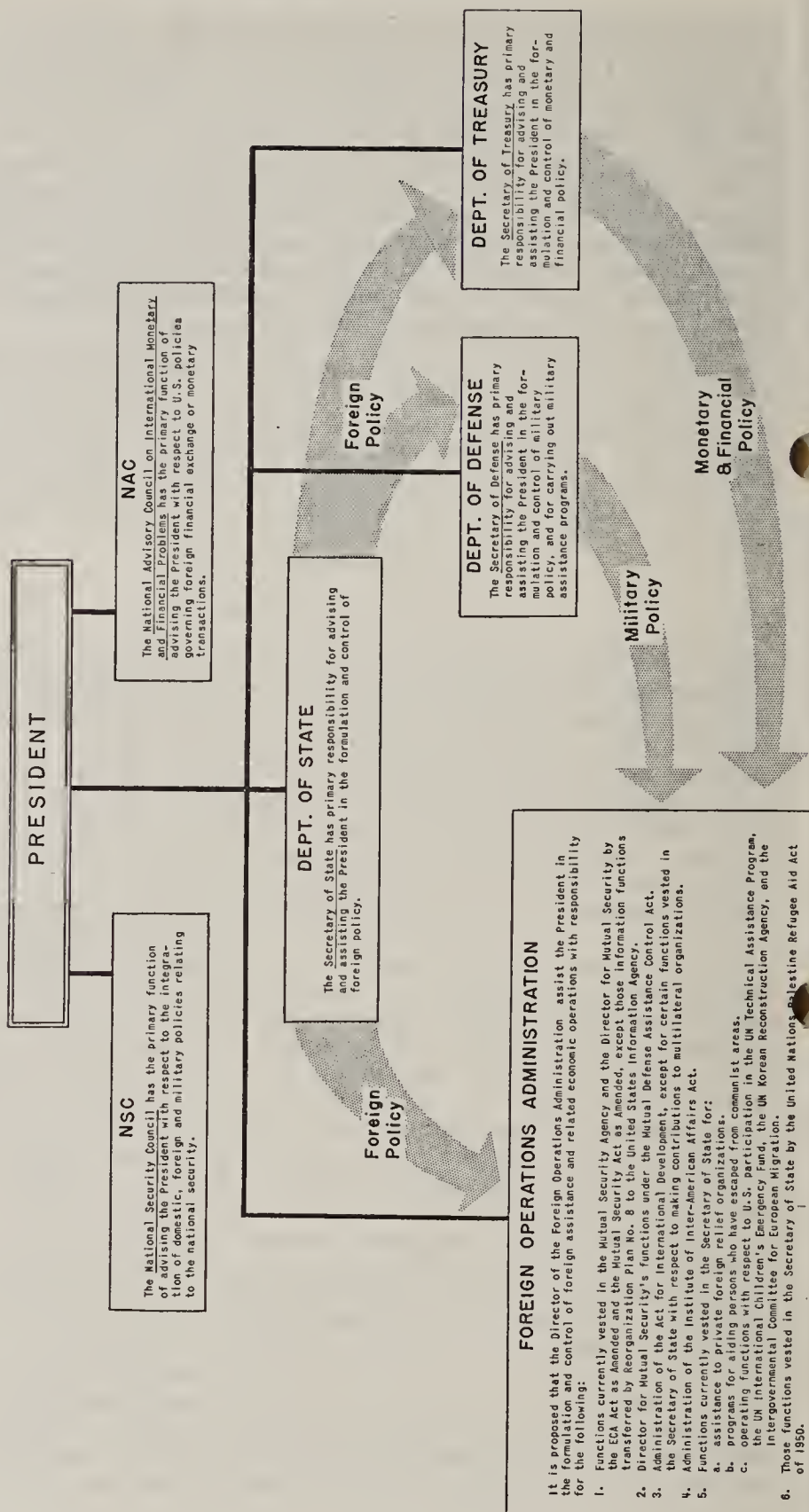
The committee did not give as much attention to this problem this year as it has in the past since the new administration was taking steps to develop rather far-reaching reorganization plans for the conduct of foreign affairs. On June 1, 1953, the President submitted Reorganization Plan No. 7 to the Congress for its consideration. That plan, in the words of the President "will lead to substantial economics and significantly improved effectiveness of administration." It will create, if not disapproved by the Congress, a Foreign Operations Administration with responsibility for operations under the terms of the Mutual Security Act, the Mutual Defense Assistance Control Act of 1951, the Yugoslav Emergency Relief Assistance Act of 1950, the Institute of Inter-American Affairs, and the Act for International Development. The plan takes the Director for Mutual Security out of the Office of the President and coordinates under the Director a number of foreign-aid operations which have heretofore been separately administered.

While the Committee on Foreign Relations has not been able to give particular attention to the plan, since that is the responsibility under the terms of the Legislative Reorganization Act for the Committee on Government Operations, the committee was pleased to

note, as indicated on the chart reproduced on page 54, that the Foreign Operations Administration is clearly responsible to the Department of State for foreign policy guidance. The committee believes it is essential, if the new plan is not rejected, that the Department of State and the Foreign Operations Administration take particular care to be sure that we do not have 2 foreign policies by reason of the existence of the 2 separate agencies. This is especially true with respect to our operations overseas. The committee notes with approval, therefore, the statement of the President that "each chief of diplomatic mission in each foreign country" is to be responsible for providing "effective coordination of, and foreign policy direction with respect to, all United States Government activities in the country."

ORGANIZATION FOR THE CONDUCT OF U.S. FOREIGN ASSISTANCE OPERATIONS

(As Contemplated Under Reorganization Plan No. 7 and Executive Order 10458)



43. PERSONNEL

The committee examined carefully the question of the number of employees being paid from funds authorized for the Mutual Security Program. It found that the total number of employees had risen from 52,341 on January 31, 1953, to 53,133 on March 31, 1953. Most of this increase was in the number of employees in the Defense Department (from 39,921 to 40,428) and in the Technical Cooperation Administration (from 3,625 to 4,022). Employees of the Mutual Security Administration decreased by about 100.

The MSA Director was questioned on this point. He said that "our plans are for a continuing reduction * * *" but that generous treatment of employees with respect to the termination date of their employment tended to slow down the reduction of the rolls. He added, however, that "the worldwide picture is" one of "a progressive decline in the United States personnel overseas * * *" MSA officials further testified that between January 31 and July 1, 1953, MSA American personnel in Europe would be reduced by an estimated 15 percent.

The committee is pleased to note that the downward trend in employees engaged in this program has begun. It hopes that it will continue at an accelerated rate.

44. PERSONNEL CEILING EXEMPTION FOR NEW MILITARY ASSISTANCE PROGRAMS (SEC. 605 (a))

Section 504 (d) of the Mutual Security Act of 1951, as amended, provided for a 5 percent reduction in personnel, in the United States and overseas, engaged in carrying out the programs under that act. This section has worked something of a hardship in the case of certain military assistance programs where operations were still increasing at that time because of the accelerated shipment of arms abroad. In order to relieve the difficulties that might arise in connection with several new programs about to be established, the committee, in section 605 (a) of the committee bill, voted to exempt certain operations from the personnel ceiling created last year.

The following categories of employees engaged in the military assistance program will be exempted:

- (1) Civilian and military personnel in Indochina, where the United States is about to expand its military assistance program;
- (2) Civilian and military personnel in any countries where a military assistance program was not in operation on July 1, 1953, in order to provide for the contingency of sending such assistance to Western Germany, Japan, or Spain, should programs for these countries crystallize; and
- (3) Civilian and military personnel carrying out programs for international organizations and headquarters established after July 1, 1953, the organizations in mind being the European Defense Community and similar new command structures.

In spite of the exceptions referred to above, the committee is convinced that sizable reductions in Mutual Security Agency personnel can and should be made both at home and abroad.

45. THE MSA EVALUATION TEAM REPORTS

Shortly after Harold E. Stassen assumed office as Director for Mutual Security he asked selected groups of American business executives to evaluate mutual security programs and personnel in the 12 countries which have received the largest amounts of assistance in recent years. The work of the 11 teams (covering England, France, Germany, Italy, Greece, Turkey, Holland, Belgium, Denmark, Indochina, Formosa, and the Philippines) was under the direction of Mr. Clarence Francis, chairman of the board of the General Foods Corp. Each of the teams filed a country report and the chairmen of the 11 teams then issued on March 24, 1953, an overall "evaluation report" Summarizing "the major consolidated opinions and the recommendations of the group" and setting forth certain general conclusions. This overall evaluation report is unclassified. Certain of the country reports are classified but they have been examined by members of the committee and their detailed conclusions are set forth in an MSA Press Release dated May 8, 1953.

In order that the committee might have the benefit of the oral comments of members of the evaluation teams, Mr. Francis, accompanied by Mr. Reuben Buck Robertson, Jr., leader of the German team, Mr. Frederick C. Crawford, leader of the Italian team, and Mr. John William Scott, Jr., leader of the Turkish team, appeared before the committee in public session on May 29. At that time the principal conclusions and recommendations of the teams were discussed and the committee examined the action which the Mutual Security Administration had taken with respect to the recommendations of the teams. The committee found that the MSA had taken or proposed to take action giving effect to many of the team recommendations.

Mr. Francis, in commenting upon the action of Mr. Stassen with respect to the reports of the evaluation teams said:

* * * everything that we have brought to his (Mr. Stassen's) attention seems to have been well received * * *. Mr. Stassen had his research department take out every single recommendation or important suggestion made by every country team * * * then he took recommendation after recommendation for disposition, good or bad.

He added later:

I believe that the report (referring to the MSA proposals), as I have seen it, the recommendations on budget, do reflect the general recommendations in that they do reduce the economic help, and they do change the emphasis from Europe to the Far East.

The hearings brought out that action proposed by the teams with respect to the reduction of overseas personnel is not proceeding as rapidly as members of the teams, and the Congress, had anticipated. They also revealed that the Executive had rejected one of the principal unanimous recommendations to the effect that the MSA should be abolished and its functions taken over by an Under Secretary of State for Economic Affairs.

The committee found the reports of the evaluation teams of great help in assessing the mutual-security program. The reports were candid and forthright and there was no indication that they had been tailored to fit any preconceived requirements of the Mutual Security Agency.

The committee believes that consideration should be given in the future to the more frequent use of evaluation teams such as these. Their reports are helpful to the Congress and they should be helpful to the administrators in learning the strengths and weaknesses of their programs. While it is believed that on this occasion it was useful to have a "businessman's" evaluation of the MSA, it is suggested that if future projects of this type are undertaken, there might be advantages to having the teams made up of citizens representing a broader cross section of the American public.

46. MSA AND DOMESTIC PROPAGANDA

During consideration last year of the Mutual Security Act of 1952, Senator Dworshak introduced an amendment (adopted in the Senate by a vote of 52 to 19), which, as finally agreed upon by the Congress, provided that none of the funds authorized by the act were to—

be used to pay for personal services or printing, or for other expenses in the dissemination within the United States of general propaganda in support of the mutual security program * * *

The committee closely questioned representatives of the executive branch as to the application of this provision in the light of several publications which seemed to some members to partake of a distinct propaganda flavor. A list of TCA publications printed during fiscal 1953 and their printing cost together with an executive branch interpretation of the provision appear on page 437 of the printed hearings.

As was indicated last year during discussion of this amendment a sharp distinction must be maintained between propaganda and the supplying of full information to the Congress and the public concerning the operations of the program. Thus, the amendment should not, in the words of the then chairman of the Committee on Foreign Relations, prevent the—

supplying [of] legitimate information of the type normally made public by the executive agencies in the form of press releases, statistics, and so forth.

The committee felt on the basis of its examination of this matter that some of the material published by the TCA for domestic use tended to be propagandistic instead of informative. As a result of the committee's questions, however, assurances were received that greater care would be exercised by the executive in the future to be sure that funds are not used for domestic propaganda purposes.

47. DURATION OF PROGRAM (SEC. 605 (c))

The Mutual Security Act of 1951 provides, in section 530 (a), for expiration of the program June 30, 1954, or earlier by concurrent resolution of Congress, with liquidation of the program to be completed within 12 months after that date.

This section 530 (a) is amended by section 605 (c) of the bill so as to extend the program to June 30, 1956, with the same provision for earlier termination by Congress, and with a following period for liquidation of 3 years.

The administration had requested that the program be extended to 1958. The committee considered whether it might not be better

to leave the 1954 date contained in the bill now in effect. The 1956 date seems to be a reasonable compromise.

The committee desires to make it perfectly clear, however, that its consideration of the date in section 530 (a) did not involve in any way the thought of ending foreign assistance in 1954 or even in 1956. Nor is there any commitment to provide funds for foreign assistance beyond the 1954 fiscal year for which funds are authorized in this bill. The basic act requires annual authorizations so that Congress can review the program each year.

The committee, however, recognizes that the concept of mutual assistance is a long-range one, particularly with the shift in emphasis this year to put the entire NATO program on a basis that can be more easily supported over a long period by both ourselves and our allies. At the same time, the committee does not believe it desirable to extend temporary legislation, such as the Mutual Security Act which carries its own termination date, for too long a period into the future. In view of these considerations, and in view of the fact that both the administration and the objectives of our foreign-aid programs will be given careful study by the executive branch during the coming year, the committee recommends approval of the 1956 date.

IX. OTHER TOPICS

48. SPECIAL WEAPONS (SEC. 301)

Section 301 of the committee bill adds a new section 542 to the Mutual Security Act of 1951, as amended. This new section provides that not to exceed \$100,000,000 be appropriated to the President in the coming fiscal year for the purpose of providing special weapons to nations eligible to receive United States military assistance. These special weapons will be provided under the following conditions: (1) Before obligating the funds, the President shall determine that such obligation is in the security interests of the United States and in furtherance of the policy of the Mutual Defense Assistance Act of 1949, as amended. (2) Before physically transferring the weapons—perhaps two or more years after the obligation—the President shall determine that: (a) the recipient is able to safeguard adequately the security of these weapons; (b) the transfer of the weapons is in the security interests of the United States; and (c) it will further the purposes of the Mutual Defense Assistance Act of 1949. This section does not apply to weapons, such as atomic weapons, which are prohibited by law from transfer to any foreign nation. The funds authorized may not be used for other purposes.

This special weapons planning fund is a completely new program. It results from a decision of the National Security Council that more emphasis should be placed on new and special modern weapons in the Mutual Security Program. This decision was concurred in by all executive departments concerned.

Mr. Stassen described the program as partly for developmental research on new weapons and partly for initial production. For example, if scientists in one of the smaller NATO countries developed a new weapon, if SHAPE recommended, after study and evaluation, that this weapon would be important to the defense of Europe, and if the Department of Defense in the United States endorsed this

finding, the President would then determine whether to use a part of the \$100 million fund for further development and initial production, should the developing country not have resources of its own to do this. After the weapon is produced, which may be a period of several years from the date of the original determination, the President has again to determine whether the transfer of the weapon to NATO allies is in the security interests of the United States. Mr. Stassen testified before the committee that "in the long term it may well prove to be, from the standpoint of security and peace, the most important" fund in the 1954 program.

Although the committee feels that such a fund would be useful, it does not believe the Administration's plans are sufficiently definite and concrete to justify an amount as large as the \$250 million which was requested. It has, therefore, reduced the amount to \$100 million, which should be adequate for a trial period for this new program.

49. INCREASE IN CEILING ON EXCESS EQUIPMENT (SEC. 606 (b))

Section 606 (b) increases by an additional \$200 million the limitation on the amount of excess equipment that may be shipped to foreign governments under section 403 of the Mutual Defense Assistance Act of 1949, as amended.

In the original act, the Congress placed a ceiling of \$450 million on the total amount of excess equipment that could be furnished under that section. This limitation has been increased from year to year until today it stands at \$1,200 million. The additional increase in ceiling approved by the committee will bring the total to \$1,400 million.

The Department of Defense had programed, through February 1953, \$1,044 million of those funds. For fiscal year 1954 it estimates its requirements to be about \$137 million. The programed and estimated 1954 requirements will not exceed the present ceiling by \$19 million. However, the Department of Defense believes that it is desirable to raise the ceiling in view of the uncertain situation in the Far East which may possibly require the shipment of certain excess material not included in the present estimates.

The committee points out that no equipment will be furnished under this section of the bill which is not excess to United States needs. Any expenses involved in reconditioning the equipment will be charged against the funds provided for in the bill.

50. SALE OF MILITARY EQUIPMENT (SEC. 606 (c))

Section 606 (c) of the committee bill excepts from the program's termination date the powers granted under section 408 (c) of the Mutual Defense Assistance Act of 1949, to furnish military assistance on a reimbursable basis to nations eligible for assistance. The effect is to make section 408 (c) of the Mutual Defense Assistance Act of 1949 permanent legislation.

Operations under the reimbursable aid program are conducted at no cost to the United States Government and the termination date placed on grant aid to foreign governments does not logically apply to this aspect of the mutual defense program. Moreover, the Department of Defense has emphasized that the recipients of military

assistance will require a supply of spare parts and ammunition for many years to come, most of which will have to be bought from the United States. The committee believes it is wise to exempt the reimbursable aid program from the termination date in order to provide our allies the reasonable assurance of being able to purchase spare parts and ammunition from the United States in the future.

51. DEPENDABLE UNDERTAKING PROCEDURE (SEC. 606 (d))

Section 408 (e) (2) of the Mutual Defense Assistance Act of 1949, as amended, provides that instead of making a full cash payment at the time of contracting for reimbursable aid, recipient countries may give "a dependable undertaking" to pay the full amount of such contract, thereby assuring the United States against any loss on the contract or rehabilitation work. The purpose of the section was to free recipient countries from the necessity of using their scarce dollar resources for cash payments on equipment which they would not receive for some time to come. This section applies, at the present time, only to recipient countries individually.

Under section 606 (d) of the committee bill, the "dependable undertaking" procedure will be extended to international military organizations or headquarters. This will enable the European Defense Community, when it comes into existence, and similar organizations such as SHAPE to purchase equipment on a reimbursable basis from the United States by giving a dependable undertaking instead of making a cash payment, when and if it comes into existence, and similar organizations such as SHAPE to purchase equipment on a reimbursable basis from the United States by giving a dependable undertaking instead of making a full cash payment at the time the order is placed.

52. LOANS OF EQUIPMENT (SEC. 606 (e))

Although the Department of Defense believes that it has the authority to lend other countries equipment under grant aid and reimbursable aid programs under certain conditions, it has requested explicit legislative authority in order to eliminate any doubts. The committee has approved, by section 606 (e) of the committee bill, an amendment to section 411 (d) of the Mutual Defense Assistance Act of 1949, as amended, which will add to the definition of the term "services", the "loans of equipment for test and study purposes."

The Department of Defense feels that such loans of equipment are of advantage both to the recipient countries and to the United States in that they may result in the placement of orders for military equipment and thereby contribute to the maintenance of a broad mobilization base in the United States.

The committee points out that under the terms of section 407 (a) of the Mutual Defense Assistance Act of 1949, as amended, loans of equipment authorized by this amendment cannot include any atomic equipment.

53. THE ESCAPEE PROGRAM (SEC. 602)

Section 101 (a) (1) of the Mutual Security Act of 1951, as amended, authorizes not to exceed \$100,000,000 of the military assistance funds for Europe for fiscal year 1952 "for any selected persons who are residing in or escapees from the Soviet Union, Poland, Czechoslovakia,

Hungary, Rumania, Bulgaria, Albania, Lithuania, Latvia, and Estonia, or the Communist-dominated or Communist-occupied areas of Germany and Austria, and any other countries absorbed by the Soviet Union either to form such persons into elements of the military forces supporting the North Atlantic Treaty Organization or for other purposes, when it is similarly determined by the President that such assistance will contribute to the defense of the North Atlantic area and to the security of the United States."

No separate authorization is requested for this program, started in 1952 under this provision, the so-called Kersten amendment. Funds are allocated for this purpose from those appropriated for military assistance to Europe and from the 10 percent local currency counterpart funds.

The program was begun in 1952 when the President authorized the use of Kersten amendment funds to help provide better facilities for the flood of escapees coming from behind the Iron Curtain. These facilities include the establishment of adequate reception centers, and assistance in the form of food, clothing, medical and dental services, and aid in resettlement. Language training and vocational guidance are provided and the program also contributes to the cost of moving escapees to their countries of resettlement.

In the year of operation, the program has assisted 19,000 escapees and resettled 4,000 of them permanently. This has been accomplished with approximately \$5,300,000, in part local currency counterpart funds and in part appropriated funds. For the coming fiscal year, it is contemplated that about 32,000 persons will be assisted. At the present time escapees now or to be eligible are reaching Western Europe at the rate of about 400 a month. For this reason, the administration proposes to expand the European program slightly and widen the eligibility for aid to groups not previously covered. It also intends to begin a modest program in the Near East and Far East for anti-Communist escapees reaching those areas. Authorization for this expansion will be found in section 602 of the committee bill, which adds the words "Communist-dominated or Communist-occupied areas of Asia" to the areas from which escapees will be eligible to this type of United States assistance.

The administration expects to spend about \$10,500,000 for this purpose, \$2,500,000 from local currency counterpart funds. The committee, while approving this program, hopes that particular attention will be focussed on the permanent resettlement of the escapees.

54. BASIC MATERIALS DEVELOPMENT (SECS. 402 AND 605 (e) (1))

The administration requested \$25 million and the committee approved \$15 million for the development of basic materials, a program carried on under section 514 of the Mutual Security Act of 1951, as amended. \$10 million was authorized for this purpose last year.

The basic materials program is designed to develop essential and scarce raw materials and foods in nondollar areas in the free world for a threefold purpose: (1) replacing raw materials sources now behind the Iron Curtain; (2) hastening the end of the dependency of the free world on the United States for certain critical and limited supplies; and (3) increasing the supplies of basic materials available to the United States and the free world generally.

Section 605 (e) (1) of the bill also authorizes that the funds made available for this program may be used to acquire local currency for the purpose of increasing the production of materials in which the United States or nations receiving United States assistance are deficient. This authorization is required because local currency counterpart funds are no longer being generated in sufficient amounts to meet all needs in all areas.

The committee endorses the basic purposes of this program. It has, however, noted that there is serious danger of duplication and overlapping among this program, regular technical assistance, and the program for the dependent overseas territories of Western European nations. In certain African colonies, for example, "material development" projects are carried on simultaneously with "overseas territories development" program. In Asia, the materials development program is devoted mainly to increasing food production, principally rice, which is also one of the goals of TCA and MSA in that area. The committee, therefore, urges the Mutual Security Agency to take all possible steps to avoid duplication and confusion.

55. REPEAL OF BENTON-MOODY AMENDMENTS (SEC. 609)

Section 609 of the committee bill repeals section 516 (a) and the first phrase of section 516 (b) of the Mutual Security Act of 1951, as amended, and section 115 (k) of the Economic Cooperation Act of 1948, as amended. These two sections are popularly known as the Benton-Moody amendments and are concerned with the encouragement of free enterprise, discouragement of cartel and monopolistic practices, and the equitable sharing of the benefits of increased production and productivity between consumers, workers, and owners. The Mutual Security Act of 1952 directed that \$100 million be spent in such a way as to assure that the matching counterpart funds would be used to establish revolving loan funds to carry out the purposes of the amendments.

The Mutual Security Agency has encountered great difficulties in administering this fund, and in devising programs which meet the specification of the law. The Sawyer report, released by former Secretary of Commerce Sawyer on his return from a trip to Europe last year, recommended the repeal of the Benton-Moody amendments. This, too, was the conclusion of the evaluation teams sent to Europe to review the operations of the Mutual Security Agency. Their combined report states:

We believe that the so-called Benton-Moody amendments encourage unnecessary spending on the part of United States agencies charged with carrying out the provisions of those amendments and that they should be repealed.

A study of the compliance with these amendments by the various missions visited showed a wide difference both in practice and of opinion. In all cases, however, there was little understanding or appreciation by the countries involved of the purpose to be served and in many places we found a resentment of what was considered interference with long established customs and national business practices. * * *

While we approve the aims of these amendments, we do not feel that they are serving or can accomplish the purposes for which they were intended. We believe it will require a long period of education to change business practices and national policies in many countries and that such a program should be divorced from economic aid for defense purposes or from defense assistance.

The committee, while approving the purposes of the Benton-Moody amendments, concurs in the conclusions of the Sawyer group and the evaluation teams, and voted to repeal them. The repealer section makes clear, however, that it is not to be construed as nullifying agreements already entered into under the amendments, but the committee hopes that the administration will take no further steps to implement the program except where international commitments have already been made.

56. COUNTERPART FUNDS (SECS. 605 (e) (2), 605 (e) (3), AND 607)

Both the Economic Cooperation Act of 1948 and the Mutual Security Act of 1951 require that foreign governments match United States grant economic aid with deposits of their local currencies in special accounts. Under existing legislation, 10 percent of the foreign currencies in those accounts belongs to the United States. Ninety percent may be used within the foreign country for projects which are jointly agreed to between the foreign government and the United States and which further the purposes of the Mutual Security Act.

The Mutual Defense Assistance Act of 1949 requires the foreign currency costs of the military assistance program to be advanced by the recipient countries.

The present bill amends existing law regarding these counterpart funds and other local currencies held by the United States in three respects.

The Supplemental Appropriation Act of 1953 provided in section 1415 that foreign credits owed to or owned by the United States would not be available for expenditure after June 30, 1953, except as provided for in appropriation acts.

This provision makes it necessary to include in this bill an authorization for the expenditure of the foreign currencies which have previously been available without specific authorization or appropriation. The amount involved is the equivalent of \$98,396,000. It should be emphasized that this figure is not included in the total dollar authorization made by the bill, nor does it have any effect on the dollar position of the Treasury. The foreign currencies herein authorized are to be available for the purpose specified in section 527 of the Mutual Security Act of 1951.

The money will be used to pay certain foreign-currency costs of the Mutual Security Program and will be taken from foreign currencies already owned by the United States.

Existing law provides that these funds may be used "for the administrative and operating expenses of carrying out the purpose of this Act." The present bill strikes out the words "the administrative and operating expenses of" so that in the future the funds can be used for any expenses of carrying out the purpose of the act and will not be limited to administrative and operating expenses. This should reduce the dollar costs of the program and make for more efficient use of our foreign-currency assets, many of which are deteriorating in value because of inflation.

One further change is made in connection with counterpart funds. The Congress last year provided that whenever counterpart funds are used to make loans all funds received in repayment would have to be redeposited in the special counterpart account. The present bill

amends that requirement to provide that funds received in repayment prior to termination of United States assistance shall be reused only for such purposes as shall have been agreed to between the country and the United States.

The purpose of the amendment is to make it possible to use counterpart funds for the establishment of revolving loan funds. Without the amendment, repayments of loans would have to be redeposited in the special counterpart account and could not go into the revolving fund.

The committee believes that these amendments, together with administrative actions being taken by the executive branch, will result in more effective control of the expenditure of counterpart funds.

57. TRANSFERABILITY (SEC. 601)

The revised format of the bill this year necessitates a change in the section authorizing the President to transfer funds. This transferability provision gives the act the flexibility which the committee has always considered essential for its effective administration.

The bill provides that the President may transfer up to 10 percent of the aggregate of appropriations made available for section 101 (a) (1) (military assistance to Europe), on the one hand, and for section 541 (defense support and economic assistance for Europe, defense-production financing for France and the United Kingdom, defense support, economic and technical assistance for Formosa and Indochina, and defense-production financing for Indochina), on the other hand. However, after transfer, such funds may be used only for military assistance, defense support, or economic assistance for Europe.

There is also authority for the President to transfer up to 10 percent of the funds made available for mutual defense financing (ch. II), mutual development and technical progress (ch. IV), or multilateral organizations (ch. V), to any other of such purposes.

The usual provision is made for notification to the Senate Foreign Relations Committee and the House Foreign Affairs Committee when any such transfers are made.

This is in substance the same transferability provision of the existing law, restated to conform to the new structure of the bill.

58. OCEAN FREIGHT ON RELIEF PACKAGES (SEC. 503)

Under the Economic Cooperation Act of 1948, as amended, and the Mutual Security Act of 1951, as amended, the Administrator is authorized to pay the ocean freight on relief packages sent by voluntary American relief agencies to countries receiving United States assistance. The Administration requested \$1,825,000 for this subsidy in the coming fiscal year. The following table shows the amounts and recipients of this aid in the past, together with the estimate for 1954.

Fiscal year 1954 budget estimates and program—Ocean freight voluntary relief supplies under terms of sec. 117 (c) of ECA Act of 1948 and sec. 535 of Mutual Security Act of 1951

	Actual, fiscal year 1952	Appropriation, fiscal year 1953	Estimates, fiscal year 1954
Voluntary agencies.....	¹ \$1,609,400	¹ \$1,386,000	³ \$1,825,000
Post Office Department.....	1,356,815	² 885,000	-----
Total.....	2,966,215	2,271,000	1,825,000

¹ Reduction not primarily in changes in voluntary agency programs but due to reduction in authorization ceiling for fiscal year 1953.

² Parcel-post subsidies terminated to all countries, Mar. 31, 1953, a saving of \$316,500 for the fiscal year. Parcel-post subsidies cost 4.4 cents a pound compared to 1.75 cents for voluntary bulk shipments.

³ 19 agencies will participate—American Friends Service Committee, American Jewish Joint Distribution Committee, American ORT Federation, American Middle East Relief, Brethren Service Committee, CARE, Inc., Church World Service, Congregational Christian Service Committee, Foster Parents' Plan for War Children, Greek War Relief Association, Hadassah, International Rescue Committee, Lutheran World Relief, Mennonite Central Committee, Near East Foundation, Save the Children Federation, Unitarian Service Committee, United Lithuanian Relief Fund of America, War Relief Services, National Catholic Welfare Conference.

During the past 5 years some 450 million pounds of food, clothing, medicines, and other supplies valued at \$138 million have been sent to recipient countries at a cost to our Government of only \$7.9 million in ocean freight charges. The committee commends the fine work of the voluntary agencies engaged in such activities and recommends the authorization of the amount requested for the coming year. Subsidies will be granted only to voluntary agencies which qualify; all subsidies for the ocean transport of gift parcel-post packages from individuals were eliminated as of March 31, 1953.

59. RURAL DEVELOPMENT PROJECTS

The committee considered earmarking specified funds for comprehensive rural development projects of a pilot nature in Pakistan, India, and other selected areas, such funds to be made available either through the United States bilateral technical-assistance program or the United Nations, as the President might direct. The committee had in mind in this connection the effective work of the Joint Commission on Rural Reconstruction in Formosa which has received American support. The committee did not believe it was appropriate at this time to designate specified funds for these rural development projects. It urges the Administrator of the act, however, to give them careful consideration and to explore the possibility of making funds available through the United Nations under the terms of section 121 (a) of the Act for International Development or, in the alternative, to encourage these projects by the use of funds authorized to be appropriated under the proper provisions of the Mutual Security Act of 1951, as amended.

APPENDIX A

SECTION-BY-SECTION ANALYSIS OF S. 2128

(The following section-by-section analysis of the bill was prepared by the executive branch for the use of the Senate. Page references are to the report.)

GENERAL DESCRIPTION OF BILL

The bill consists of a series of amendments to the existing statutes which govern operations of the Mutual Security Program. The bill contains amendments to the Mutual Security Act of 1951, as amended, the Mutual Defense Assistance Act of 1949, as amended, the retained provisions of the Economic Cooperation Act of 1948, as amended, and the Act for International Development.

For the convenience of the Congress, the fiscal year 1954 funds authorizations are grouped under descriptive headings in separate chapters of the bill. The authorizations for each type of assistance, which were broken down by geographic area and scattered throughout the bill in other years, have been in this bill brought together in one place; for example, the authorizations for military assistance for all parts of the world have been brought together for easy reference into a single chapter of the bill.

The lengthy and repetitious carryover language formerly contained in mutual security bills has this year been replaced by a single consolidated section.

CHAPTER I—MUTUAL DEFENSE MATERIEL AND TRAINING

This chapter contains only one section, 101, which adds to the Mutual Security Act of 1951, as amended, a new section 540, which authorizes the fiscal year 1954 funds for military assistance. The total authorization is subdivided into separate authorizations for each of the four geographic titles established by the Mutual Security Act: Europe (p. 22), the Near East and Africa (p. 34), Asia and the Pacific (pp. 40ff.), and the American Republics (p. 47). The funds requested for offshore procurement are contained in these military assistance authorizations.

CHAPTER II—MUTUAL DEFENSE FINANCING

This chapter contains a single section which adds three new sections to the Mutual Security Act of 1951, as amended.

New section 541 authorizes fiscal year 1954 funds for the defense-support program in Europe (p. 28) and for the related types of assistance described in new sections 102 and 304. The funds authorized by this section are also available for economic and technical assistance to the National Government of the Republic of China and to the Associated States of Cambodia, Laos, and Vietnam.

New section 102 (p. 28) authorizes the use of funds for assistance to France and the United Kingdom for the manufacture in those countries of equipment required by their forces for the defense of the North Atlantic area. These are special programs of production financing which were discussed with these countries at the time of the recent

meeting of the North Atlantic Treaty Council. The President may make this assistance available to France and the United Kingdom on such terms and conditions, including the direct transfer of funds, as he may specify. For example, the President may transfer funds to the United Kingdom to pay for aircraft produced by the United Kingdom for British forces defending the North Atlantic area.

New section 304 (p. 43) is similar to section 102, described in the preceding paragraph. The money is to be used for the procurement of equipment, materials (including common-use items), and services required by the forces of France and Indochina in the war against the Communist-dominated Vietnam. In the event of a cessation of hostilities in Indochina the funds available under this section may be used to furnish economic and technical assistance and to provide relief and rehabilitation in those portions of Indochina which the President determines not to be under Communist control.

CHAPTER III—MUTUAL SPECIAL WEAPONS PLANNING (P. 58)

This chapter contains a single section which adds a new section 542 to the Mutual Security Act of 1951 as amended. New section 542 authorizes a nontransferable fund for furnishing special weapons (but not atomic-energy weapons) to nations eligible to receive military assistance, to NATO, or to the European Defense Community. These funds will be used to finance the production of such special weapons as the President may determine (as a result of special weapon studies, such as that currently under way by SHAPE) should, in the security interest of the United States, be furnished to our allies. For example, the United States may wish to produce for NATO a superior guided missile which may be invented by a NATO country. The President must make another determination, before any weapons are transferred, that such transfer will be in the interest of the United States, will further the purpose of the Mutual Defense Assistance Act, and that the recipient can safeguard the security of the weapons.

CHAPTER IV—MUTUAL DEVELOPMENT AND TECHNICAL PROGRESS

This chapter contains four sections dealing with technical assistance and special economic assistance in underdeveloped areas.

Regular technical assistance and development programs

Section 401 of the bill adds a new section 543 to the Mutual Security Act of 1951, as amended, which authorizes the fiscal year 1954 funds for economic and technical assistance under titles II (p. 36), III (pp. 40 ff.), and IV (p. 48) of Mutual Security Act of 1951, as amended. The regular technical assistance and development programs of the types hitherto conducted in the Near East and Africa, South Asia, and Philippines and Thailand, and Latin America will be financed with these funds.

Basic materials development (p. 61)

Section 402 of the bill contains the fiscal year 1954 funds for basic-materials development. These funds will be used to increase the production of basic materials which are in short supply in countries receiving United States assistance.

Special economic assistance

Section 403 (p. 37) of the bill substitutes a new section 206 in the Mutual Security Act of 1951, as amended, which authorizes the furnishing of special economic assistance in the Near East and Africa. The funds will be used to promote economic development and assist in maintaining economic and political stability in the area. (Assistance under this section will also include projects for relief and rehabilitation activities, including assistance to international organizations.) This is largely a new type of program, primarily for capital equipment and construction rather than consumers' commodity aid. It will often, but not necessarily, aid defense efforts. It is economic aid over and above technical know-how and demonstration supplies. Its basic purpose is to stimulate rapid economic development in the Near East and Africa. Assistance under new section 206 may be furnished by the President in such manner as he may prescribe and he may furnish assistance accordingly to the applicable provisions of the Act for International Development (except, of course, those provisions relating to the purpose for which assistance may be given) or according to the remaining provisions of the economic Cooperation Act of 1948, as amended.

Section 404 (p. 41) of the bill adds a new subsection 302 (b) of the Mutual Security Act of 1951, as amended, which authorizes a similar special economic development program for India and Pakistan. Here again the objective is rapid economic development in coordination with the regular technical-assistance programs going on in these countries.

CHAPTER V—MULTILATERAL ORGANIZATIONS

This chapter of the bill contains 4 sections dealing with 5 special programs, most of which are carried on through multilateral organizations.

Movement of migrants (p. 51)

Section 501 of the bill authorizes contributions during the calendar year 1954 to the Intergovernmental Committee for European Migration for the purpose of assisting the movement of migrants from areas of surplus population in Europe to areas, such as South America and Australia, in which they can live and work.

Section 502 of the bill adds two new sections to the Mutual Security Act of 1951, as amended.

Multilateral technical cooperation (p. 49)

New section 544 authorizes the fiscal year 1954 funds authorizations for the furnishing of technical assistance through the United Nations and its specialized agencies and through the Organization of American States.

Children's welfare (p. 50)

New section 545 authorizes the making of contributions during the calendar year 1954 for the support of international children's welfare work. The United Nations International Children's Emergency Fund is not named in the authorization because it may be reorganized at the end of this year.

Relief packages (p. 64)

Section 503 of the bill authorizes the fiscal year 1954 funds for the payment of ocean freight charges on shipments of relief supplies, such

as CARE packages, sent by American private voluntary agencies to foreign countries.

United Nations Korean Reconstruction Agency (p. 45)

Section 504 of the bill authorizes the fiscal year 1954 funds for making contributions to the United Nations Korean Reconstruction Agency or such other agency as the President may direct.

The United States pledge to UNKRA is \$162.5 million. A part of this pledge has already been contributed. Another part will be met through the turning over to UNKRA of the United States Army emergency relief "pipeline" at the time when UNKRA takes over full responsibility for relief in Korea. The estimated value of this "pipeline" at the time of takeover is about \$40,750,000, and this figure has been adjusted accordingly in section 303 (a) of the Mutual Security Act. The United States contribution to UNKRA for fiscal year 1954 has been fixed at \$71 million, the amount which, together with the amounts previously contributed and the "pipeline" figure, will fulfill the United States pledge.

CHAPTER VI—FURTHER CHANGES IN EXISTING MUTUAL SECURITY LEGISLATION

This chapter contains a series of technical amendments to mutual security legislation.

Transferability (p. 64)

Section 601 of the bill adds two new sections to the Mutual Security Act. New section 546 provides for two kinds of transferability, upon determination by the President and notification to the appropriate committees of Congress:

(a) Not to exceed 10 percent of the aggregate of the sums provided for military assistance in Europe on the one hand, and for defense support and production financing in all areas on the other hand, may be transferred between funds appropriated for either of those purposes, but to be used for military assistance or defense support purposes in Europe only. This is a kind of transferability analogous to the European intratitle transferability which is provided in section 101 (b) of the Mutual Security Act.

(b) Not to exceed 10 percent of the funds contained in any of chapters II (defense support and production financing), IV (technical and economic assistance for underdeveloped areas), and V (assistance through multilateral organizations), may be transferred to funds under any other of such chapters. This is a kind of transferability among chapters of the fiscal year 1954 bill analogous to that which continues available between geographic titles under section 513 (a) of the Mutual Security Act.

Carryover provision

New section 547 is a consolidated carryover provision. It continues available for their original purposes through June 30, 1954, the funds appropriated for the fiscal year 1953 and permits the consolidation of these funds previously appropriated with the proper fiscal year 1954 appropriation made for the same general purpose.

Escapees (p. 60)

Section 602 of the bill changes the Kersten amendment (sec. 101 (a) (1) of the Mutual Security Act) so that assistance may be furnished to escapees from Communist areas of Asia. This change enlarges the present authority which confines assistance to escapees from Communist areas in Europe.

Military assistance in the Near East and Africa (p. 34)

Section 603 of the bill contains two changes relating to military assistance in the Near East and Africa:

(a) Section 201 of the Mutual Security Act is clarified by making it explicit that funds made available pursuant to that section may be used not only to furnish military assistance Greece, Turkey, and Iran but also to furnish military assistance, pursuant to section 202 elsewhere in the area of the Near East and Africa.

(b) Section 202 is substantially rewritten in order to make several changes. First, the geographic coverage of the section is extended by including a reference to Africa. Second, assistance is authorized to be given to a possible regional defense organization and to countries in that general area which may join such an organization. Third, the findings which the President will be required to make for giving assistance to countries not already found eligible have been revised to conform more closely to the analogous findings required in the case of assistance furnished in the European area. Fourth, the undertakings which are required from countries receiving aid are patterned after the assurances required by countries purchasing military equipment from the United States under section 408 (e) of the Mutual Defense Assistance Act. Finally, the President is given discretion to specify which of the assurances required by section 402 of the Mutual Defense Assistance Act and by section 511 (a) of the Mutual Security Act shall be required.

Authority for assistance to Korea (p. 45)

Section 604 of the bill makes it possible for the President to furnish economic and technical assistance to Korea. No funds included in this bill are programed for such direct assistance, but this section would authorize the President to use up to 50 percent of funds made available for contributions to the United Nations Korean Reconstruction Agency for direct economic assistance to Korea should circumstances warrant that course of action.

CHANGES IN TITLE V OF MUTUAL SECURITY ACT

Section 605 of the bill contains several amendments to title V of the Mutual Security Act.

Personnel ceiling exemption for new military assistance programs (p. 55)

Section 605 (a): Section 504 (d) of the Mutual Security Act is amended to provide that after July 1, 1953, personnel carrying out certain new programs under the Mutual Defense Assistance Act of 1949, as amended, shall be in addition to the personnel ceiling established in 1952 under section 504 (d).

The present personnel ceiling, which has been in effect during most of fiscal year 1953, took into account program requirements for that fiscal year. In fiscal year 1954, however, the military assistance pro-

gram may include assistance for several new countries (including possibly Japan, Spain, and Germany) and defense organizations (possibly the European defense community and a Middle East defense organization), and the program in Indochina will be expanded. These new programs will require personnel in addition to those now engaged in furnishing military assistance. Accordingly, it is proposed that these new personnel shall be over and above the ceiling now in effect pursuant to section 504 (d).

Special use of funds

Section 605 (b): Section 513 (b) of the Mutual Security Act is amended in two respects. The limit of \$100 million for emergency assistance is presently applicable under that section to funds made available for the fiscal year 1953. It is proposed to make this authority apply to funds available for any fiscal year for the purpose of the Mutual Security Act. In addition, the President may furnish assistance without regard to the forms and conditions of assistance required by the act, when the President finds such use to be important to the security of the United States.

As presently enacted section 513 (b) permits the President, for example, to give assistance to a country without getting the assurances required by section 511. The temporary unwillingness of certain countries 2 years ago to give these assurances illustrates a situation which section 513 (b) now covers. It is proposed to broaden the authority to cover other possible needs. If, for instance, an earthquake or other major disaster should occur in a foreign country, it may well be in the interest of the United States to supply limited but rapid economic aid to that country, notwithstanding the customary techniques of defense support or technical assistance.

The proposed revision continues the requirement that the President shall notify the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives upon making any such waiver of the requirements of the legislation.

Termination of program (p. 57)

Section 605 (c): Section 530 (a) of the Mutual Security Act is amended in two respects.

First, the date for the expiration of the Mutual Security Program is changed from June 30, 1954, to June 30, 1956. It has already become apparent that the objectives set forth in section 2 of the Mutual Security Act cannot be fulfilled by June 30, 1954. On the other hand, it is not possible to fix a precise terminal date in the future. In view of the current situation and the uncertainty of the future, the 2-year extension has been proposed as a reasonable estimate under the circumstances.

The second change has to do with the furnishing of equipment which takes a long time to produce, the so-called long lead time items (such as some aircraft which take 3 years to build). Under section 530 (a) as it now stands items which are contracted for before the termination date must be transferred to the recipient of aid within a 12-month liquidation period following the termination date, and no authority exists for obligating funds for delivery expenses after that time. Long-lead items contracted for during the next to the last year of the program cannot, however, be completed and delivered before the expiration of the present 1-year liquidation period. This problem is

presently being met by inserting in all long-lead item contracts a termination clause, but these contracts tend to have a higher price reflecting the increased risk to the contractor and they subject the United States to the risk of heavy termination payments. It is therefore proposed to make it possible for procurement officers for 3 years after the terminal date of the program to pay for and meet the delivery expense of items which are ordered before the terminal date but which cannot be finished until after the terminal date.

Administrative arrangements

Section 605 (d): This subsection of the bill adds a new section 548 to the Mutual Security Act which enables the Director for Mutual Security to choose between the authorities provided in the Act for International Development and in the remaining provisions of the Economic Cooperation Act of 1948, as amended, in furnishing economic and technical-assistance programs in underdeveloped areas of the world. Thus he may furnish assistance under the procedures laid down by either act.

The second sentence of this subsection, in line with the reorganization plan proposed by the President, would permit the Director for Mutual Security to establish uniform administrative arrangements, including personnel practices, as between the existing agencies which are to be merged. For example, in the hiring of consultants the Act for International Development allows compensation at the rate of \$75 per day and the Economic Cooperation Act allows \$50 per day. New section 548 makes it possible for the Director for Mutual Security to establish a uniform pay scale for consultants working on technical-assistance programs, irrespective of which act contains authority for such programs.

Use of local currency (pp. 61, 63)

Section 605 (e): This subsection of the bill deals with several problems in the administration of the Mutual Security Program resulting from the enactment of section 1415 of the Supplemental Appropriation Act, 1953. That section prohibits the expenditure after June 30, 1953, of local currencies received by the United States in connection with assistance furnished by the United States (such as 10 percent counterpart) "except as may be provided for annually in appropriation acts."

Section 605 (e) would add a new section to the Mutual Security Act which would authorize the making available for use for the Mutual Security Program for the fiscal year 1954 of a certain dollar's worth of local currency held by the United States. No appropriation of dollars will be necessary. Local currency needed to liquidate obligations incurred against such currency before the end of fiscal year 1953 is authorized to be continued available for such use.

The total amount of local currency thus made available for use in fiscal year 1954 includes amounts required for program expenses as well as for administrative expenses, and section 521 of the Mutual Security Act is amended to authorize such use.

Not all local currency held by the United States, however, is of the right kind to meet program and administrative requirements. Such a problem may arise this year in connection with the basic materials development program. Section 519 (b) of the Mutual Security Act authorizes the use of dollars made available for use under the

retained provisions of the Economic Cooperation Act of 1948, as amended, to acquire local currency (where U. S. Government balances of 10 percent counterpart are insufficient) for projects under which strategic materials move to the United States. For this fiscal year a separate appropriation authorization is being requested for section 514 purposes, for projects to stimulate the production of materials in which nations receiving United States assistance are deficient. Section 605 (e) of this bill accordingly contains an amendment to section 519 (b) which authorizes the use of funds appropriated for purposes of section 514 to be used to acquire local currency for projects for materials required by third nations as well as by the United States, and thus gives the two sections the same scope.

Changes in the Mutual Defense Assistance Act

Section 606 of the bill contains a number of changes in the Mutual Defense Assistance Act of 1949, as amended.

Assistance to NATO countries (p. 24)

Section 606 (a): A proviso is added to section 101 of the Mutual Defense Assistance Act which would permit the President to furnish military assistance to units of NATO countries which are not definitely available for the defense of the NATO area when the President determines that to do so will further the purpose of the Mutual Defense Assistance Act.

Excess equipment (p. 59)

Section 606 (b): This subsection raises the ceiling by \$200 million on the total value of military equipment excess to United States needs which may be furnished from Department of Defense stocks to foreign countries. The transfers of equipment programed for the fiscal year 1954 would bring the total value so close to the existing limit of \$1.2 billion that it is deemed wise to take into account now a change in program requirements during the year which might require an amendment later in the fiscal year 1954 of the statutory ceiling.

Sales of military equipment (p. 59)

Section 606 (c): This subsection makes the military equipment sales program a permanent one by exempting it from the provisions of section 530 (a) which puts a terminal date on all authority given by the Mutual Security Act and the Mutual Defense Assistance Act. When grant military aid ends there will be a continuing need for spare parts and replacements. It is in the interest of the United States to sell such spares and replacements to our allies and to continue to supply friendly countries which are prepared to pay in full for military purchases, because to do so helps them maintain defense forces which may fight alongside our own in the event of war and because such foreign defense orders help to maintain the United States mobilization base. Accordingly, it is proposed to preface section 408 (e) with a clause which would permit the military equipment sales program under the Mutual Defense Assistance Act to continue after the grant assistance program has ended.

Dependable undertaking procedure (p. 60)

Section 606 (d): This subsection clarifies the eligibility under section 408 (e) of international military organizations and headquarters to contract for the purchase of military equipment by furnishing a written

guaranty of final payment rather than making a full downpayment when the contract is entered into. Thus these organizations would be placed on the same footing with foreign countries purchasing military equipment.

Loans of equipment (p. 60)

Section 606 (c): This subsection clarifies the authority of the President to lend United States equipment to countries for test and study purposes. Foreign countries frequently ask to borrow equipment with the idea of testing it for suitability to their needs so that they can decide whether to buy it for themselves.

OTHER CHANGES IN EXISTING MUTUAL SECURITY LEGISLATION

Counterpart loans (p. 63)

Section 607: This section deals with two problems which have arisen under the proviso to section 115 (b) (6) of the Economic Cooperation Act enacted last year which requires the redeposit in the main counterpart account of funds received in repayment of loans in counterpart currencies. Since the repayments of counterpart loans must be made to the main counterpart account itself, this makes it difficult to set up an effective lending institution for counterpart. The proposed change permits repayment to a lending institution but retains United States control over further use of the funds. The second change proposed would make it clear that United States control over counterpart loan repayments will not continue after assistance to the foreign country is terminated. The proviso as presently written may imply that the United States may exercise control over loan of counterpart funds perpetually, and this implication has caused difficulty in negotiating with foreign countries over counterpart fund releases.

Continuation of authorization of appropriation for multilateral technical cooperation (p. 49)

Section 608: This section contains a technical amendment to section 404 (b) of the Act for International Development. It would continue in force, after the end of fiscal year 1953, last year's authorization for appropriations for contributions to multilateral technical cooperation programs, such as those carried on through the United Nations and its specialized agencies and through the Organization of American States. The Mutual Security Act of 1952 authorized \$15,706,750 for this purpose for fiscal year 1953. Of this amount, only \$9,171,333 has been appropriated. The amendment would continue through December 31, 1953, the authorization to appropriate and contribute the balance.

Encouragement of free enterprise (p. 62)

Section 609: This section would repeal the statement contained in section 516 (a) of the Mutual Security Act which declared it to be the policy of the Congress that the Mutual Security Act should be administered in such a way as to encourage competition, productivity, free enterprise and free labor union movements, and to discourage cartel and monopolistic business practices. In addition, section 115 (k) of the Economic Cooperation Act of 1948, as amended, which requires that certain counterpart funds be used, to the extent practicable, to further the objectives of section 516, would also be repealed. It is

further provided, however, that the repeal of section 115 (k) should not prevent the carrying out of any commitment or agreement, relating to the productivity programs under section 115 (k), entered into prior to the date of enactment of the Mutual Security Act of 1953.

APPENDIX B

CHANGES IN EXISTING LAW

In compliance with subsection (4) of Rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

MUTUAL SECURITY ACT OF 1951, AS AMENDED

* * * * *

SEC. 101 (a) In order to support the freedom of Europe through assistance which will further the carrying out of the plans for defense of the North Atlantic area, while at the same time maintaining the economic stability of the countries of the area so that they may meet their responsibilities for defense, and to further encourage the economic unification and the political federation of Europe, there are hereby authorized to be appropriated to the President for the fiscal year 1952 for carrying out the provisions and accomplishing the policies and purpose of this Act—

(1) not to exceed \$5,028,000,000 for assistance pursuant to the provisions of the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1571-1604), for countries which are parties to the North Atlantic Treaty, for Spain, and for any country of Europe (other than a country covered by another title of this Act), which the President determines to be of direct importance to the defense of the North Atlantic area and whose increased ability to defend itself the President determines is important to the preservation of the peace and security of the North Atlantic area and to the security of the United States (any such determination to be reported forthwith to the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives, and the Committees on Armed Services of the Senate and of the House of Representatives), and not to exceed \$100,000,000 of such appropriation for any selected persons who are residing in or escapees from the Soviet Union, Poland, Czechoslovakia, Hungary, Rumania, Bulgaria, Albania, Lithuania, Latvia, and Estonia, or the Communist-dominated or Communist-occupied areas of Germany and Austria, and any other countries absorbed by the Soviet Union *or any Communist-dominated or Communist-occupied areas of Asia* either to form such persons into elements of the military forces supporting the North Atlantic Treaty Organization or for other purposes, when it is [similarly] determined by the President that such assistance will contribute to the defense of the North Atlantic area [and] or to the security of the United States. In addition, unexpended balances of appropriations heretofore made for carrying out the purposes of the Mutual Defense Assistance Act of 1949, as amended, through assistance to any of the countries covered by this paragraph are hereby authorized to be continued available through June 30, 1952, and to be consolidated with the appropriation authorized by this paragraph. Section 408 (e) of the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1579), is hereby repealed. There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$3,415,614,750, for assistance pursuant to the provisions of the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1571-1604) to countries eligible for assistance under this paragraph; and in addition unexpended balances of any appropriations heretofore made pursuant to this paragraph are authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized.

* * * * *

Sec. 102. Of the funds authorized by section 541 of this Act, the President may make available, on such terms and conditions, including transfer of funds, as he may specify (a) not to exceed \$100,000,000 for manufacture in France of artillery, ammunition, and semiautomatic weapons required by French forces for the defense of the North Atlantic area, and (b) not to exceed \$100,000,000 for manufacture in the United Kingdom of military aircraft required by United Kingdom forces for the defense of the North Atlantic area.

* * * * *

SEC. 201. In order to further the purpose of this Act by continuing to provide military assistance to Greece, Turkey, and Iran and by furnishing other military assistance in the area of the Near East and Africa, there are hereby authorized to be appropriated to the President for the fiscal year 1952, not to exceed \$396,250,000 for furnishing assistance to Greece and Turkey pursuant to the provisions of the Act of May 22, 1947, as amended (22 U. S. C. 1401-1410), and for furnishing assistance to Iran pursuant to the provisions of the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1571-1604) and for furnishing other military assistance in the area of the Near East and Africa pursuant to section 202. In addition, unexpended balances of appropriations heretofore made for assistance to Greece and Turkey, available for the fiscal year 1951, pursuant to the Act of May 22, 1947, as amended, and for assistance to Iran pursuant to the Mutual Defense Assistance Act of 1949, as amended, are hereby authorized to be continued available through June 30, 1952, and to be consolidated with the appropriation authorized by this section. There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$560,316,500, to carry out the purposes and provisions of this section; and in addition unexpended balances of any appropriations heretofore made pursuant to this section are authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized.

[SEC. 202. Whenever the President determines that such action is essential for the purpose of this Act, he may provide assistance, pursuant to the provisions of the Mutual Defense Assistance Act of 1949, as amended, to any country of the Near East area (other than those covered by section 201) and may utilize not to exceed 10 per centum of the amount made available (excluding balances of prior appropriations continued available) pursuant to section 201 of this Act: *Provided*, That any such assistance may be furnished only upon determination by the President that (1) the strategic location of the recipient country makes it of direct importance to the defense of the Near East area, (2) such assistance is of critical importance to the defense of the free nations, and (3) the immediately increased ability of the recipient country to defend itself is important to the preservation of the peace and security of the area and to the security of the United States.]

SEC. 202. Whenever the President determines that such action is essential for the purpose of this Act, he may utilize the funds made available pursuant to section 201 in order to provide assistance, pursuant to the provisions of the Mutual Defense Assistance Act of 1949, as amended, in the area of the Near East and Africa. Such assistance may be furnished to any organization created pursuant to a regional defense arrangement in the area to which the United States shall have become a party, to any nation in the general area participating in such an arrangement, or to any other nation in the general area which the President determines to be of direct importance to the defense of the area and whose increased ability to defend itself the President determines to be important to the security of the United States (any such determination to be reported forthwith to the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives, and the Committees on Armed Services of the Senate and of the House of Representatives). No assistance shall be furnished under this section unless the recipient nation (1) has agreed (a) that the equipment, materials, or services provided will be used solely to maintain its internal security, its legitimate self-defense, or to permit it to participate in the defense of the area, or in United Nations collective security arrangements and measures, and (b) that it will not undertake any act of aggression against any other nation, and (2) has complied with such of the conditions set forth in section 511 (a) of this Act and section 402 of the Mutual Defense Assistance Act of 1949, as amended, as the President shall find to be essential to the accomplishment of the purposes of this section.

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[SEC. 206. In addition to the amounts authorized by section 203, there is hereby authorized to be appropriated not to exceed \$60,063,250 for carrying out the purposes and provisions of section 204 of this Act, relating to Palestine

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refugees, during the fiscal year 1953; and not to exceed \$70,228,000 for carrying out the purposes and provisions of section 205 of this Act, relating to refugees in Israel, during the fiscal year 1953: *Provided*, That amounts appropriated pursuant to this section which the President finds cannot be effectively expended to carry out the purposes and provisions of sections 204 and 205 may be transferred to and merged with the appropriations authorized by section 203.】

SEC. 206. In order to further the purpose of this Act in the Near East and Africa, there is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$194,000,000 to be used, on such terms and conditions as he may specify, to furnish special economic assistance designed to promote the economic development of the area, for relief and rehabilitation of refugees in the area, and for other types of economic assistance to assist in maintaining economic and political stability in the area. The applicable provisions of the Act for International Development (64 Stat. 204; 22 U. S. C. 1557), except the provisions relating to the purpose for which assistance may be given, or of section 503 (b) (3) of this Act, shall apply to the expenditure of funds pursuant to this section to the extent that they are not inconsistent with the purposes of this section.

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SEC. 302. (a) In order to further the purpose of this Act through the strengthening of the area covered in section 301 of this Act [(but not including the Republic of Korea)], there are hereby authorized to be appropriated to the President, for the fiscal year 1952, not to exceed \$237,500,000 for economic and technical assistance in those portions of such area which the President deems to be not under Communist control. Funds appropriated pursuant to authority of this section shall be available under the applicable provisions of Section 503 of this Act and the applicable provisions of the Act for International Development (22 U. S. C. 1557). In addition, unexpended balances of funds heretofore made available for carrying out the purposes of the China Area Aid Act of 1950 (22 U. S. C. 1547), are hereby authorized to be continued available through June 30, 1952, and to be consolidated with the appropriation authorized by this section. There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$202,778,250, to carry out the purposes and provisions of this subsection in accordance with the applicable provisions of section 503 of this Act and not to exceed \$118,634,250 to carry out the purposes and provisions of this subsection in accordance with the applicable provisions of the Act for International Development (Public Law 535, Eighty-first Congress); and in addition unexpended balances of any appropriations heretofore made pursuant to this subsection are hereby authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized.

(b) *In order to further the purpose of this Act in India and Pakistan, there is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$94,400,000 to be used, on such terms and conditions as he may specify, to furnish special economic assistance designed to promote the economic development of such countries, and to assist in maintaining economic and political stability therein. The applicable provisions of the Act for International Development, except the provisions relating to the purpose for which assistance may be given, or of section 503 (b) (3) of this Act, shall apply to the expenditure of funds pursuant to this section to the extent that they are not inconsistent with the purposes of this section.*

【(b)】(c) The third proviso of section 202 of the China Area Aid Act of 1950 is amended by inserting "and of Korea" after "selected citizens of China" the first time it appears therein. Unexpended balances of allocations heretofore made to the Secretary of State pursuant to that proviso shall be continued available until expended.

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SEC. 303. (a) In order to provide for a United States contribution to the United Nations Korean Reconstruction Agency, established by the resolution of the General Assembly of the United Nations of December 1, 1950, there are hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$45,000,000. In addition, unobligated balances of the appropriations heretofore made, and available during the fiscal year 1951, for assistance to Korea under authority of the Far Eastern Economic Assistance Act of 1950, as amended (22 U. S. C. 1543, 1551, 1552), are hereby authorized to be continued available through June 30, 1953, and to be consolidated with the appropriation authorized by this section. In addition, the United States Department of the Army is hereby authorized to make available to the United Nations Korean Reconstruction Agency, at the time when that agency assumes full responsibility for relief

and rehabilitation in Korea, goods and services of a value not to exceed **[\$67,500,000] \$40,750,000** which the Department of the Army then has on hand or on order for civilian relief in Korea and which the President determines should be contributed by the United States to the United Nations Korean Reconstruction Agency for use in its relief and rehabilitation operations in Korea. The value of goods and services made available pursuant to the preceding sentence shall be credited toward the contribution to be made by the United States to the United Nations Korean Reconstruction Agency. Not to exceed 50 per centum of the total of the appropriations authorized by this section may, when determined by the President to be necessary for the purpose of this Act, be transferred to and consolidated with the appropriation authorized by paragraph 302 (a). *There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$71,000,000 for making contributions to the United Nations Korean Reconstruction Agency or such other agency as the President may direct.*

SEC. 304. Of the funds authorized by section 541 of this Act, the President may make available, on such terms and conditions, including transfer of funds, as he may specify, not to exceed \$400,000,000 for the procurement of equipment, materials, and services (as defined in section 411 (containing definitions) of the Mutual Defense Assistance Act of 1949, as amended), which are required by and are made available to, or are necessary for the support of, the forces of France and the Associated States of Cambodia, Laos, and Vietnam located in such Associated States: Provided, That in the event of the cessation of hostilities in which such forces are engaged, the funds authorized to be made available under this section and remaining unexpended, may be made available for economic and technical assistance, and rehabilitation and relief, in those portions of the Associated States of Cambodia, Laos, and Vietnam, which the President determines not to be under Communist control."

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SEC. 504. (d) On and after January 1, 1952, the number of United States citizens employed by the Mutual Security Agency shall be at least 10 per centum less than the number employed by the Economic Cooperation Administration on August 31, 1951: *Provided*, That the Director for Mutual Security shall cause studies to be made from time to time for the purpose of determining whether further reductions in personnel are feasible and consistent with the accomplishment of the purposes of this Act: *Provided further*, That ninety days after the enactment of the Mutual Security Act of 1952, the number of civilian employees who are United States citizens, receiving compensation or allowances from the administrative expense appropriations authorized by this Act, employed in the United States and overseas by or assigned to the Mutual Security Agency, or employed by or assigned to the Department of State or the Department of Defense for carrying out programs the appropriations for which are authorized by this Act, and the military personnel assigned to such programs, shall be in the aggregate at least 5 per centum less than the number so employed or assigned on June 1, 1952, except for such personnel of the Department of Defense engaged in the manufacturing, repair, rehabilitation, packing, handling, crating, or delivery of materiel: *Provided further*, That after the Director has determined the reduction to be effected in each agency, the determination as to which individual employees shall be retained shall be made by the head of the agency concerned: *Provided further*, That after July 1, 1953, the following categories of civilian employees and military personnel carrying out programs under the Mutual Defense Assistance Act of 1949, as amended, shall be in addition to the personnel ceiling established under the second and third provisos of this section:

"(1) Civilian employees and military personnel carrying out such programs in the Associated States of Cambodia, Laos and Vietnam, over and above the number so engaged before July 1, 1953,

"(2) Civilian employees and military personnel carrying out such programs for any countries in which no such programs were in operation on July 1, 1953,

"(3) Civilian employees and military personnel carrying out such programs for international organizations and headquarters established after July 1, 1953.

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513 (b) Not more than \$100,000,000 of the funds made available under **[the Mutual Security Act of 1952]** *this Act*, of which not more than \$20,000,000 may be allocated to any one country, may be used in *any fiscal year [or supplied] by the President, to be expended*, without regard to **[any conditions as to eligibility contained in]** *the requirements of this Act, or any other Act for which funds are authorized by this Act, in furtherance of the purposes of such Acts, when the President determines that such use is important to the security of the United*

States. The President shall notify the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives upon making any such determination.

SEC. 514. In order to reduce the drain on United States resources and to assure the production of adequate supplies of essential raw materials for the collective defense of the free world, the Director for Mutual Security is authorized to initiate projects for, and assist in procuring and stimulating increased production of, materials in which deficiencies or potential deficiencies in supply exist among nations receiving United States assistance. *There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$15,000,000 to carry out the provisions of this section.*

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SEC. 516. [(a) It is hereby declared to be the policy of the Congress that this Act shall be administered in such a way as (1) to eliminate the barriers to, and provide the incentives for, a steadily increased participation of free private enterprise in developing the resources of foreign countries consistent with the policies of this Act, (2) to the extent that it is feasible and does not interfere with the achievement of the purposes set forth in this Act, to discourage the cartel and monopolistic business practices prevailing in certain countries receiving aid under this Act which result in restricting production and increasing prices, and to encourage where suitable competition and productivity, and (3) to encourage where suitable the development and strengthening of the free labor union movements as the collective bargaining agencies of labor within such countries.]

(b) [To accomplish the purpose of clause (1) of subsection (a) of this section, under] Under the coordination of the Director for Mutual Security, the Mutual Security Agency, cooperating with private business groups and governmental agencies to the fullest extent possible, shall encourage a greater participation by private capital in the guaranty program and shall develop broad criteria to facilitate such participation, including programs consistent with the purposes of the Act for International Development.

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SEC. 519 (b) In order to assist in carrying out the provisions of [the Economic Cooperation Act of 1948, as amended,] *section 514*, [not to exceed, \$50,000,000 of] funds made available [under the authority of this Act for assistance pursuant to the provisions of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1501-1522,)] *to carry out that section* may be used to acquire local currency for the purpose of increasing the production of materials in which the United States [is] *or nations receiving United States assistance are* deficient.

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SEC. 521. Funds made available for carrying out the provisions of title I of this Act shall be available for United States participation in the acquisition or construction of facilities in foreign countries for collective defense: *Provided*, That no part of such funds shall be expended for rental or purchase of land or for payment of taxes. Such funds shall also be available for the administrative expenses of carrying out the purposes of all of the titles of this Act, including expenses incident to United States participation in international security organizations and expenses in the United States in connection with programs authorized under the Act for International Development. Any currency of any nation received by the United States for its own use in connection with assistance furnished by the United States may be used by any agency of the Government without reimbursement from any appropriation for [the administrative and operating expenses of] carrying out the purpose of this Act. Funds made available for carrying out the purpose of this Act in the Federal Republic of Germany may, as authorized in subsection 114 (h) of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1512 (h)), be transferred by the President to any department or agency for the expenses necessary to meet the responsibilities and obligations of the United States in the Federal Republic of Germany.

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[SEC. 530. (a) After June 30, 1954, or after the date of the passage of a concurrent resolution by the two Houses of Congress before such date, none of the authority conferred by this Act or by the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1571-1604) may be exercised; except that during the twelve months following such date equipment, materials, commodities, and services with respect to which procurement for, shipment to, or delivery in a recipient country had been authorized prior to such date, may be transferred to such country, and funds appropriated under authority of this Act may be obligated

during such twelve-month period for the necessary expenses of procurement, shipment, delivery, and other activities essential to such transfer and shall remain available during such period for the necessary expenses of liquidating operations under this Act.]

SEC. 530. (a) After June 30, 1956, or after a date specified in a concurrent resolution passed by the two Houses of Congress, whichever is the earlier, none of the authority conferred by this Act or by the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1571-1604), may be exercised; except that following such date—

(1) equipment, materials, commodities, and services with respect to which procurement for, shipment to, or delivery in a recipient country had been authorized prior to such date may be transferred to such country, and

(2) funds appropriated under the authority of this Act shall, if obligated before such date, remain available for expenditure for three years following such date, and shall be available during such period for obligation: (A) for the necessary expenses of procurement, shipment, delivery, and other activities essential to such transfers, and (B) for the necessary expenses of liquidating operations under this Act.

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SEC. 534. In order to encourage further the movement of migrants from European countries having surplus population, there is hereby authorized to be appropriated to the President \$9,240,500 for use in making contributions for the calendar year 1953 to the Provisional Intergovernmental Committee for the Movement of Migrants from Europe established at Brussels, Belgium, on December 5, 1951. There is hereby authorized to be appropriated to the President not to exceed \$10,000,000 for contributions during the calendar year 1954 to the Intergovernmental Committee for European Migration.

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SEC. 535. The authority to pay ocean freight charges on shipments of relief supplies and packages under section 117 (c) of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1515 (c)), shall be continued and may be exercised after June 30, 1952, by any department or agency of the Government that the President may designate: *Provided*, That this authority shall hereafter also be applicable to relief shipments by voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid to any country eligible for economic or technical assistance under this Act: *And provided further*, That not to exceed \$2,587,500 are authorized to be appropriated to the President for the fiscal year 1953 for use in paying ocean freight charges under section 117 (c) of the Economic Cooperation Act of 1948, as amended. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$1,825,000 for use in paying ocean freight charges under section 117 (c) of the Economic Cooperation Act of 1948, as amended.

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SEC. 540. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$3,681,523,000 to carry out the provisions of sections 101 (a) (1) (relating to military assistance for Europe), 201 (relating to military assistance for the Near East and Africa), 301 (relating to military and other assistance for Asia and the Pacific), and 401 (relating to military assistance for Latin America) of this Act, of which \$2,179,689,870 is authorized to be appropriated under section 101 (a) (1), \$405,212,637 is authorized to be appropriated under section 201, \$1,081,620,493 is authorized to be appropriated under section 301, and \$15,000,000 is authorized to be appropriated under section 401.

SEC. 541. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$984,000,000 to carry out the provisions of sections 101 (a) (2) (relating to defense support and economic assistance for Europe), 102 (relating to defense production financing for France and the United Kingdom), 302 (a) (relating to defense support, economic and technical assistance) for the National Government of the Republic of China and the Associated States of Cambodia, Laos, and Vietnam, and 304 (relating to defense production financing) of this Act.

SEC. 542. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$100,000,000 for the purpose of furnishing special weapons to nations eligible to receive military assistance under this Act or to the international organizations referred to in section 2 (b) (A) and 2 (b) (C) of this Act: *Provided*, That, prior to the obligation of funds for this purpose, the President shall determine that such obligation is in the security interest of the United States and is in furtherance of the policies and purposes of the Mutual Defense Assistance Act of 1949, as amended: *And provided further*, That, prior to the transfer of such weapons, the

President shall determine that (a) the recipient is adequately prepared to safeguard the security of such weapons; (b) that the transfer of such weapons will be in the security interest of the United States; and (c) that such transfer will further the purposes and policies of the Mutual Defense Assistance Act. Nothing contained in this section shall alter, amend, revoke, repeal, or otherwise affect the provisions of any law restricting, limiting, or prohibiting the transfer of any such weapons. Notwithstanding any other provisions of this Act, funds made available pursuant to this section may be used only for the purpose of this section.

SEC. 543. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$140,234,500 to carry out the provisions of sections 203 (relating to economic and technical assistance for the Near East and Africa), 302 (a) (relating to defense support, economic and technical assistance) other than for the National Government of the Republic of China and the Associated States of Cambodia, Laos, and Vietnam, and 402 (relating to technical assistance for Latin America) of this Act.

SEC. 544. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$13,750,000 for multilateral technical cooperation under section 404 (b) of the Act for International Development.

SEC. 545. There is hereby authorized to be appropriated to the President not to exceed \$13,000,000 for contributions during the calendar year 1954 for the support of international children's welfare work in such manner and on such terms and conditions as he may deem to be in the interests of the United States.

SEC. 546. Whenever the President determines it to be necessary for the purposes of this Act, (a) not to exceed 10 per centum of the aggregate of the appropriations made available for section 101 (a) (1) and section 541 of this Act, for any fiscal year, may be transferred between appropriations made available for either of such sections: Provided, That such funds after transfer may be used only for the purposes of sections 101 (a) (1) or 101 (a) (2); and (b) not to exceed 10 per centum of the funds made available pursuant to the authorization contained in any of chapters II, IV, and V of the Mutual Security Act of 1953 for the fiscal year 1954 may be transferred to and consolidated with funds made available pursuant to the authorization contained in any other of such chapters. Whenever the President makes any such determination, he shall forthwith notify the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives.

SEC. 547. The unexpended balance under each paragraph of title III, Mutual Security, of the Supplemental Appropriation Act, 1953, is hereby authorized to be continued available for its original purposes through June 30, 1954, and may be consolidated with the appropriate fiscal year 1954 appropriation made for the same general purpose under the authority of this Act.

SEC. 548. Whenever funds are made available under this Act for assistance, other than military assistance, to any economically underdeveloped area, such funds may be used under the applicable provisions of section 503 (b) (3) or the applicable provisions of the Act for International Development. Where administrative arrangements, including provisions relating to compensation and allowances of personnel, authorized under section 503 (b) (3) differ from those authorized by the Act for International Development, the Director may make use of arrangements authorized under either statute, in carrying out such programs, except that before extending the provisions of section 109 (a) of the Economic Cooperation Act of 1948, as amended, to countries in which programs authorized under the Act for International Development are being carried out, the Director will secure the approval of the Secretary of State.

SEC. 549. USE OF FOREIGN CURRENCY OR CREDITS.—There is hereby authorized to be made available for the fiscal year 1954 for the purpose of this Act, not to exceed the equivalent of \$98,396,000 in foreign currencies or credits owed to or owned by the United States: Provided, That, in addition, any foreign currencies or credits owed to or owned by the United States are authorized to be continued available for use for liquidation of obligations incurred against such currencies prior to July 1, 1953.

MUTUAL DEFENSE ASSISTANCE ACT OF 1949, AS AMENDED

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SEC. 101. In view of the coming into force of the North Atlantic Treaty and the establishment thereunder of the Council and the Defense Committee which will recommend measures for the common defense of the North Atlantic area, and in view of the fact that the task of the Council and the Defense Committee can be facilitated by immediate steps to increase the integrated defensive armed strength of the parties to the treaty, the President is hereby authorized to furnish military assistance in the form of equipment, materials, and services to such nations as are parties to the treaty and request such assistance. Any such assistance furnished

under this title shall be subject to agreements, further referred to in section 402, designed to assure that the assistance will be used to promote an integrated defense of the North Atlantic area and to facilitate the development of defense plans by the Council and the Defense Committee under article 9 of the North Atlantic Treaty and to realize unified direction and effort; and after the agreement by the Government of the United States with defense plans as recommended by the Council and the Defense Committee, military assistance hereunder shall be furnished only in accordance therewith: *Provided, That military assistance may be furnished for purposes not included in such defense plans upon a determination by the President that it will further the purposes and policies of this Act.*

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SEC. 403. (d) Not to exceed \$450,000,000 worth of excess equipment and materials may be furnished under this Act or may hereafter be furnished under the Act of May 22, 1947, as amended: *Provided, That after June 30, 1950, such limitation shall be increased by \$250,000,000 and after June 30, 1951, by an additional \$300,000,000, and after June 30, 1952, by an additional \$200,000,000 and after June 30, 1953, by an additional \$200,000,000.* For the purposes of this subsection, the worth of any excess equipment or materials means either the actual gross cost to the United States of that particular equipment or materials or the estimated gross cost to the United States of that particular equipment or materials obtained by multiplying the number of units of such particular equipment or materials by the average gross cost of each unit of that equipment or materials owned by the furnishing agency.

SEC. 408. (e) (1) **[The]** *Notwithstanding the provisions of section 530 (a) of the Mutual Security Act of 1951, as amended, the President may, from time to time, in the interest of achieving standardization of military equipment and in order to provide procurement assistance without cost to the United States, transfer, or enter into contracts for the procurement for transfer of, equipment, materials, or services to: (A) nations eligible for assistance under title I, II, III, or IV of the Mutual Security Act of 1951; (B) a nation which has joined with the United States in a collective defense and regional arrangement; (C) any international military organization or headquarters if, in the opinion of the President, such assistance will further the purposes of this Act; or (D) any other nation not eligible to join a collective defense and regional arrangement referred to in clause (B) above, but whose ability to defend itself or to participate in the defense of the area of which it is a part, is important to the security of the United States: *Provided, That, prior to the transfer of any equipment, materials, or services to a nation under this clause (D), it shall provide the United States with assurance that such equipment, materials, or services are required for and will be used solely to maintain its internal security, its legitimate self-defense, or to permit it to participate in the defense of the area of which it is a part, or in the United Nations collective security arrangements and measures, and that it will not undertake any act of aggression against any other state: *Provided further, That in the case of any such transfer, the President shall forthwith notify the Committee on Foreign Relations of the Senate, the Committees on Armed Services of the Senate and of the House of Representatives, and the Committee on Foreign Affairs of the House of Representatives.***

(2) Whenever equipment or material is transferred from the stocks of, or services are rendered by any agency, to any nation or international organization as provided in paragraph (1) above, such nation or international organization shall first make available the fair value, as determined by the President, of such equipment, materials, or services before delivery or, when the President determines it to be in the best interests of the United States, within sixty days thereafter. The fair value for the purpose of this paragraph shall not be less for the various categories of equipment or materials than the value as defined in subsection (c) of section 403: *Provided, That with respect to excess equipment or materials the fair value may not be determined to be less than the value specified in paragraph (1) of that subsection plus (a) 10 per centum of the original gross cost of such equipment or materials; (b) the scrap value; or (c) the market value, if ascertainable, whichever is the greater.* Before a contract is entered into **[,]** or rehabilitation work is undertaken, such nation, or international military organization or headquarters, shall (A) provide the United States with a dependable undertaking to pay the full amount of such contract or the cost of such rehabilitation which will assure the United States against any loss on the contract, or rehabilitation work, and (B) shall make funds available in such amounts and at such times as may be necessary to meet the payments required by the contract or the rehabilitation work in advance of the time such payments are due, in addition to the esti-

mated amount of any damages and costs that may accrue from the cancellation of such contract or rehabilitation work: *Provided*, That the total amount of outstanding contracts under this subsection, less the amounts which have been paid the United States by such nations, shall at no time exceed \$700 million.

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SEC. 411. For the purposes of this Act—

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[(d) The term "services" shall include any service, repair, training of personnel, or technical or other assistance or information necessary to effectuate the purposes of this Act.]

(d) *The term "services" shall include any service, repair, training of personnel, or technical or other assistance or information necessary to effectuate the purposes of this Act, including loans of equipment for test and study purposes.*

ECONOMIC COOPERATION ACT OF 1948, AS AMENDED

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SEC. 115. (b) * * * In addition to continued mutual cooperation of the participating countries in such a program, each such country shall conclude an agreement with the United States in order for such country to be eligible to receive assistance under this title. Such agreement shall provide for the adherence of such country to the purposes of this title and shall, where applicable, make appropriate provision, among others, for—

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(6) placing in a special account a deposit in the currency of such country, in commensurate amounts and under such terms and conditions as may be agreed to between such country and the Government of the United States, when any commodity or service is made available through any means authorized under this title, and is furnished to the participating country on a grant basis: *Provided*, That the obligation to make such deposits may be waived, in the discretion of the Administrator, with respect to technical information or assistance furnished under section 111 (a) (3) of this title and with respect to ocean transportation furnished on United States flag vessels under section 111 of this title in an amount not exceeding the amount, as determined by the Administrator, by which the charges for such transportation exceed the cost of such transportation at world market rates: *Provided further*, That such special account, together with the unencumbered portions of any deposits which may have been made by such country pursuant to section 6 of the joint resolution providing for relief assistance to the people of countries devastated by war (Public Law 84, Eightieth Congress) and section 5 (b) of the Foreign Aid Act of 1947 (Public Law 389, Eightieth Congress) shall be used in furtherance of any central institution or other organization formed by two or more participating countries to further the purposes set forth in subsection (d) of section 111 or otherwise shall be held or used for purposes of internal monetary and financial stabilization, for the stimulation of productive activity and the exploration for and development of new sources of wealth, for the encouragement of emigration pursuant to subsection (e) of this section, or for such other expenditures as may be consistent with the declaration of policy contained in section 102 and the purposes of this title including local currency administrative and operating expenditures of the United States incident to operations, under this title: *Provided further*, That the use of such special account shall be subject to agreement between such country and the Administrator, who shall act in this connection after consultation with the National Advisory Council on International Monetary and Financial Problems and the Public Advisory Board provided for in section 107 (a): *And provided further*, That any unencumbered balance remaining in such account upon termination of assistance to such country under this Act shall be disposed of within such country for such purposes as may, subject to approval by Act or joint resolution by the Congress, be agreed to between such country and the Government of the United States; The Administrator shall exercise the power granted to him by this paragraph to make agreements with respect to the use of the funds deposited in the special accounts of "participating countries" (as defined in section 103 (a) hereof) and any other countries receiving assistance under the Mutual Defense Assistance Act of 1949, as amended, in such a manner that the equivalent of not less than \$500,000,000 of such funds shall be used exclusively for military production, construction, equipment, and matériel in such countries.

The amount to be devoted from each such special account for such use shall be agreed upon by the Administrator and the country or countries concerned: *And provided further*, That whenever funds from such special account are used by a country to make loans all funds received in repayment of such loans [shall be redeposited in such special account]. *prior to termination of assistance to such country shall be reused only for such purposes as shall have been agreed to between the country and the Government of the United States.*

* * *
SEC. 115 * * *

[(k) Of the funds appropriated pursuant to section 101 (a) (2) of the Mutual Security Act of 1951, as amended, (1) \$100,000,000 shall, to the maximum extent practicable consistent with the accomplishment of the policies and purposes of the Mutual Security Act of 1951, as amended, be expended in such manner and subject to such agreements as may be necessary to assure that the amounts of local currencies deposited under subsection (b) (6) as a result of such expenditure shall be used exclusively, in accordance with principles developed by the Administrator, to establish revolving funds which shall be available for making loans, and otherwise to carry out programs in furtherance of the objectives of section 516 of the Mutual Security Act of 1951, with a view to stimulating free enterprise and the expansion of the economies of those countries with equitable sharing of the benefits of increased production and productivity between consumers, workers, and owners; and (2) the Director for Mutual Security is authorized to transfer not exceeding \$2,500,000 to the Organization for European Economic Cooperation, to be used on terms and conditions to be specified by the Director in order to promote the objectives of section 516 of the Mutual Security Act of 1951, as amended.]

* * *
ACT FOR INTERNATIONAL DEVELOPMENT
* * *

SEC. 404 (b) Within the limits of appropriations made available to carry out the purposes of this title, the President is authorized to make contributions to the United Nations for technical cooperation programs carried on by it and its related organizations which will contribute to accomplishing the purposes of this title as effectively as would participation in comparable programs on a bilateral basis. The President is further authorized to make contributions for technical cooperation programs carried on by the Organization of American States, its related organizations, and by other international organizations: *Provided*, That for the fiscal year ending June 30, 1952, such contributions from funds made available under authority of sections 101 (a) (2), 203, 302, and 402 of the Mutual Security Act of 1951 shall not exceed in the aggregate \$13,000,000, and the use of such contributions shall not be limited to the area covered by the section of the Act from which the funds are drawn: *Provided further*, That for the [fiscal] calendar year 1953 not to exceed \$15,708,750 is authorized to be appropriated to the President for use in making contributions under this subsection.

S. 2128

[Report No. 403]

IN THE SENATE OF THE UNITED STATES

JUNE 13, 1953

Reported under authority of the order of the Senate of June 11 (legislative day, June 8), 1953, by Mr. WILEY, from the Committee on Foreign Relations

JUNE 15 (legislative day, JUNE 8), 1953

Read twice and referred to the Committee on Armed Services

A BILL

To further amend the Mutual Security Act of 1951, as amended,
and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Mutual Security Act
4 of 1953".

5 CHAPTER I—MUTUAL DEFENSE MATERIEL AND TRAINING

6 SEC. 101. AUTHORIZATION OF APPROPRIATION.—

7 Amend the Mutual Security Act of 1951, as amended, by
8 adding the following new section:

9 "SEC. 540. There is hereby authorized to be appro-
10 priated to the President for the fiscal year 1954 not to exceed

1 \$3,681,523,000 to carry out the provisions of sections 101
 2 (a) (1) (relating to military assistance for Europe), 201
 3 (relating to military assistance for the Near East and
 4 Africa), 301 (relating to military and other assistance for
 5 Asia and the Pacific), and 401 (relating to military assist-
 6 ance for Latin America) of this Act, of which \$2,179,689,-
 7 870 is authorized to be appropriated under section 101 (a)
 8 (1), \$405,212,637 is authorized to be appropriated under
 9 section 201, \$1,081,620,493 is authorized to be appropriated
 10 under section 301, and \$15,000,000 is authorized to be ap-
 11 propriated under section 401.”

12 CHAPTER II—MUTUAL DEFENSE FINANCING

13 SEC. 201. AUTHORIZATION OF APPROPRIATIONS.—
 14 Amend the Mutual Security Act of 1951, as amended, by
 15 adding the following new sections:

16 “SEC. 541. There is hereby authorized to be appropriated
 17 to the President for the fiscal year 1954 not to exceed \$984,-
 18 000,000 to carry out the provisions of sections 101 (a) (2)
 19 (relating to defense support and economic assistance for Eu-
 20 rope), 102 (relating to defense production financing for
 21 France and the United Kingdom), 302 (a) (relating to de-
 22 fense support, economic and technical assistance) for the
 23 National Government of the Republic of China and the As-
 24 sociated States of Cambodia, Laos, and Vietnam, and 304
 25 (relating to defense production financing) of this Act.”

1 “SEC. 102. Of the funds authorized by section 541 of
2 this Act, the President may make available, on such terms
3 and conditions, including transfer of funds, as he may specify
4 (a) not to exceed \$100,000,000 for manufacture in France
5 of artillery, ammunition, and semiautomatic weapons re-
6 quired by French forces for the defense of the North Atlantic
7 area, and (b) not to exceed \$100,000,000 for manufacture
8 in the United Kingdom of military aircraft required by
9 United Kingdom forces for the defense of the North Atlantic
10 area.”

11 “SEC. 304. Of the funds authorized by section 541 of
12 this Act, the President may make available, on such terms and
13 conditions, including transfer of funds, as he may specify,
14 not to exceed \$400,000,000 for the procurement of equip-
15 ment, materials, and services (as defined in section 411 (con-
16 taining definitions) of the Mutual Defense Assistance Act
17 of 1949, as amended), which are required by and are made
18 available to, or are necessary for the support of, the forces
19 of France and the Associated States of Cambodia, Laos,
20 and Vietnam located in such Associated States: *Provided*,
21 That in the event of the cessation of hostilities in which
22 such forces are engaged, the funds authorized to be made
23 available under this section and remaining unexpended, may
24 be made available for economic and technical assistance, and
25 rehabilitation and relief, in those portions of the Associated

1 States of Cambodia, Laos, and Vietnam, which the Presi-
2 dent determines not to be under Communist control.”

3 CHAPTER III—MUTUAL SPECIAL WEAPONS PLANNING

4 SEC. 301. AUTHORIZATION OF APPROPRIATION.—

5 Amend the Mutual Security Act of 1951, as amended, by
6 adding the following new section:

7 “SEC. 542. There is hereby authorized to be appro-
8 priated to the President for the fiscal year 1954 not to exceed
9 \$100,000,000 for the purpose of furnishing special weapons
10 to nations eligible to receive military assistance under this
11 Act or to the international organizations referred to in section
12 2 (b) (A) and 2 (b) (C) of this Act: *Provided*, That, prior
13 to the obligation of funds for this purpose, the President shall
14 determine that such obligation is in the security interest of
15 the United States and is in furtherance of the policies and
16 purposes of the Mutual Defense Assistance Act of 1949, as
17 amended: *And provided further*, That, prior to the transfer
18 of such weapons, the President shall determine that (a) the
19 recipient is adequately prepared to safeguard the security of
20 such weapons; (b) that the transfer of such weapons will be
21 in the security interest of the United States; and (c) that
22 such transfer will further the purposes and policies of the
23 Mutual Defense Assistance Act. Nothing contained in this
24 section shall alter, amend, revoke, repeal, or otherwise affect

1 the provisions of any law restricting, limiting, or prohibiting
2 the transfer of any such weapons. Notwithstanding any
3 other provisions of this Act, funds made available pursuant
4 to this section may be used only for the purpose of this
5 section.”

6 CHAPTER IV—MUTUAL DEVELOPMENT AND TECHNICAL
7 PROGRESS

8 SEC. 401. AUTHORIZATION OF APPROPRIATION.—
9 Amend the Mutual Security Act of 1951, as amended, by
10 adding the following new section:

11 “SEC. 543. There is hereby authorized to be appropri-
12 ated to the President for the fiscal year 1954 not to exceed
13 \$140,234,500 to carry out the provisions of sections 203
14 (relating to economic and technical assistance for the Near
15 East and Africa), 302 (a) (relating to defense support,
16 economic and technical assistance) other than for the Na-
17 tional Government of the Republic of China and the Asso-
18 ciated States of Cambodia, Laos, and Vietnam, and 402
19 (relating to technical assistance for Latin America) of this
20 Act.”

21 SEC. 402. AUTHORIZATION OF APPROPRIATION FOR
22 BASIC MATERIALS.—At the end of section 514 (relating to
23 basic materials) of the Mutual Security Act of 1951, as
24 amended, add the following sentence: “There is hereby

1 authorized to be appropriated to the President for the fiscal
2 year 1954 not to exceed \$15,000,000 to carry out the pro-
3 visions of this section.”

4 SEC. 403. SPECIAL ECONOMIC ASSISTANCE IN THE
5 NEAR EAST AND AFRICA.—Amend section 206 of the
6 Mutual Security Act of 1951, as amended, to read as follows:

7 “SEC. 206. In order to further the purpose of this Act
8 in the Near East and Africa, there is hereby authorized to
9 be appropriated to the President for the fiscal year 1954
10 not to exceed \$194,000,000 to be used, on such terms and
11 conditions as he may specify, to furnish special economic
12 assistance designed to promote the economic development of
13 the area, for relief and rehabilitation of refugees in the area,
14 and for other types of economic assistance to assist in main-
15 taining economic and political stability in the area. The
16 applicable provisions of the Act for International Develop-
17 ment (64 Stat. 204; 22 U. S. C. 1557), except the pro-
18 visions relating to the purpose for which assistance may be
19 given, or of section 503 (b) (3) of this Act, shall apply to
20 the expenditure of funds pursuant to this section to the extent
21 that they are not inconsistent with the purposes of this
22 section.”

23 SEC. 404. SPECIAL ECONOMIC ASSISTANCE FOR INDIA
24 AND PAKISTAN.—Amend section 302 (relating to economic
25 and technical assistance for Asia and the Pacific) of the

1 Mutual Security Act of 1951, as amended, by redesignating
 2 subsection (b) as (c) and adding the following new sub-
 3 section (b) :

4 “(b) In order to further the purpose of this Act in India
 5 and Pakistan, there is hereby authorized to be appropriated
 6 to the President for the fiscal year 1954 not to exceed \$94,-
 7 400,000 to be used, on such terms and conditions as he may
 8 specify, to furnish special economic assistance designed to
 9 promote the economic development of such countries, and to
 10 assist in maintaining economic and political stability therein.
 11 The applicable provisions of the Act for International De-
 12 velopment, except the provisions relating to the purpose for
 13 which assistance may be given, or of section 503 (b) (3) of
 14 this Act, shall apply to the expenditure of funds pursuant to
 15 this section to the extent that they are not inconsistent with
 16 the purposes of this section.”

17 CHAPTER V—MULTILATERAL ORGANIZATIONS

18 SEC. 501. MOVEMENT OF MIGRANTS.—Add the follow-
 19 ing new sentence to section 534 (relating to the movement
 20 of migrants) of the Mutual Security Act of 1951, as
 21 amended: “There is hereby authorized to be appropriated
 22 to the President not to exceed \$10,000,000 for contributions
 23 during the calendar year 1954 to the Intergovernmental
 24 Committee for European Migration.”

25 SEC. 502. MULTILATERAL TECHNICAL COOPERATION

1 AND CHILDREN'S WELFARE.—Amend the Mutual Security
2 Act of 1951, as amended, by adding the following new
3 sections:

4 “SEC. 544. There is hereby authorized to be appropriated
5 to the President for the fiscal year 1954 not to exceed
6 \$13,750,000 for multilateral technical cooperation under sec-
7 tion 404 (b) of the Act for International Development.

8 “SEC. 545. There is hereby authorized to be appropriated
9 to the President not to exceed \$13,000,000 for contributions
10 during the calendar year 1954 for the support of interna-
11 tional children's welfare work in such manner and on such
12 terms and conditions as he may deem to be in the interests of
13 the United States.”

14 SEC. 503. OCEAN FREIGHT ON RELIEF SHIPMENTS.—
15 Add the following new sentence to section 535 (relating to
16 the payment of ocean freight charges on voluntary relief
17 shipments) of the Mutual Security Act of 1951, as amended:
18 “There is hereby authorized to be appropriated to the Presi-
19 dent for the fiscal year 1954 not to exceed \$1,825,000 for
20 use in paying ocean freight charges under section 117 (c)
21 of the Economic Cooperation Act of 1948, as amended.”

22 SEC. 504. UNITED NATIONS KOREAN RECONSTRUC-
23 TION AGENCY.—Amend section 303 (a) (relating to Korean
24 relief) of the Mutual Security Act of 1951, as amended,
25 as follows:

1 (a) Add the following new sentence: "There is hereby
2 authorized to be appropriated to the President for the fiscal
3 year 1954 not to exceed \$71,000,000 for making contribu-
4 tions to the United Nations Korean Reconstruction Agency,
5 or such other agency as the President may direct."

6 (b) In the third sentence of section 303 (a) strike out
7 "\$67,500,000" and insert "\$40,750,000".

8 CHAPTER VI—FURTHER CHANGES IN EXISTING MUTUAL
9 SECURITY LEGISLATION

10 SEC. 601. Amend the Mutual Security Act of 1951, as
11 amended, by adding the following new sections:

12 "SEC. 546. Whenever the President determines it to be
13 necessary for the purpose of this Act, (a) not to exceed 10
14 per centum of the aggregate of the appropriations made avail-
15 able for section 101 (a) (1) and section 541 of this Act, for
16 any fiscal year, may be transferred between appropriations
17 made available for either of such sections: *Provided*, That such
18 funds after transfer may be used only for the purposes of
19 sections 101 (a) (1) or 101 (a) (2); and (b) not to
20 exceed 10 per centum of the funds made available pursuant
21 to the authorization contained in any of chapters II, IV,
22 and V of the Mutual Security Act of 1953 for the fiscal
23 year 1954 may be transferred to and consolidated with funds
24 made available pursuant to the authorization contained in any

1 other of such chapters. Whenever the President makes any
2 such determination, he shall forthwith notify the Committee
3 on Foreign Relations of the Senate and the Committee on
4 Foreign Affairs of the House of Representatives.

5 "SEC. 547. The unexpended balance under each para-
6 graph of title III, Mutual Security, of the Supplemental
7 Appropriation Act, 1953, is hereby authorized to be con-
8 tinued available for its original purposes through June 30,
9 1954, and may be consolidated with the appropriate fiscal
10 year 1954 appropriation made for the same general purpose
11 under the authority of this Act."

12 SEC. 602. ESCAPEES.—Paragraph 101 (a) (1) of title
13 I (relating to Europe) of the Mutual Security Act of 1951,
14 as amended, is amended by deleting the word "similarly"
15 before the word "determined" and by inserting "or any
16 Communist-dominated or Communist-occupied areas of Asia",
17 after "and any other countries absorbed by the Soviet Union",
18 and, at the end of that sentence, strike out "and to the
19 security of the United States" and insert "or to the security
20 of the United States".

21 SEC. 603. MILITARY AID IN THE NEAR EAST AND
22 AFRICA.—Title II (relating to the Near East and Africa)
23 of the Mutual Security Act of 1951, as amended, is further
24 amended as follows:

25 (a) Amend section 201 (relating to military assistance)

1 by inserting “and by furnishing other military assistance in
2 the area of the Near East and Africa”, after “Greece, Tur-
3 key, and Iran”, and by inserting “and for furnishing other
4 military assistance in the area of the Near East and Africa
5 pursuant to section 202” after “and for furnishing assistance
6 to Iran pursuant to the provisions of the Mutual Defense
7 Assistance Act of 1949, as amended (22 U. S. C. 1571-
8 1604) ”.

9 (b) Amend section 202 (relating to military assistance)
10 to read as follows:

11 “Whenever the President determines that such action
12 is essential for the purpose of this Act, he may utilize the
13 funds made available pursuant to section 201 in order to
14 provide assistance, pursuant to the provisions of the Mutual
15 Defense Assistance Act of 1949, as amended, in the area of
16 the Near East and Africa. Such assistance may be fur-
17 nished to any organization created pursuant to a regional
18 defense arrangement in the area to which the United States
19 shall have become a party, to any nation in the general area
20 participating in such an arrangement, or to any other nation
21 in the general area which the President determines to be of
22 direct importance to the defense of the area and whose in-
23 creased ability to defend itself the President determines to
24 be important to the security of the United States (any such
25 determination to be reported forthwith to the Committee on

1 Foreign Relations of the Senate, the Committee on Foreign
2 Affairs of the House of Representatives, and the Committees
3 on Armed Services of the Senate and of the House of Rep-
4 resentatives). No assistance shall be furnished under this
5 section unless the recipient nation (1) has agreed (a) that
6 the equipment, materials, or services provided will be used
7 solely to maintain its internal security, its legitimate self-
8 defense, or to permit it to participate in the defense of the
9 area, or in United Nations collective security arrangements
10 and measures, and (b) that it will not undertake any act of
11 aggression against any other nation, and (2) has complied
12 with such of the conditions set forth in section 511 (a) of
13 this Act and section 402 of the Mutual Defense Assistance
14 Act of 1949, as amended, as the President shall find to be
15 essential to the accomplishment of the purposes of this
16 section.”

17 SEC. 604. AUTHORITY FOR ASSISTANCE TO KOREA.—
18 Title III (relating to Asia and the Pacific) of the Mutual
19 Security Act of 1951, as amended, is further amended as
20 follows: In the first sentence of section 302 (a) (relating
21 to economic aid and technical assistance) strike out “but
22 not including the Republic of Korea) ”.

23 SEC. 605. Title V (relating to organization and general
24 provisions) of the Mutual Security Act of 1951, as amended,
25 is further amended as follows:

1 (a) PERSONNEL CEILING EXEMPTION FOR NEW MILI-
2 TARY ASSISTANCE PROGRAMS.—Amend section 504 (d)
3 (relating to reduction in personnel) by changing the period
4 at the end of the section to a colon and by adding the fol-
5 lowing proviso: “*Provided further*, That after July 1, 1953,
6 the following categories of civilian employees and military
7 personnel carrying out programs under the Mutual Defense
8 Assistance Act of 1949, as amended, shall be in addition to
9 the personnel ceiling established under the second and third
10 provisos of this section:

11 “(1) Civilian employees and military personnel
12 carrying out such programs in the Associated States of
13 Cambodia, Laos and Vietnam, over and above the num-
14 ber so engaged before July 1, 1953,

15 “(2) Civilian employees and military personnel
16 carrying out such programs for any countries in which
17 no such programs were in operation on July 1, 1953,

18 “(3) Civilian employees and military personnel car-
19 rying out such programs for international organizations
20 and headquarters established after July 1, 1953.”

21 (b) SPECIAL USE OF FUNDS.—Amend section 513 (b)
22 (relating to special use of funds) to read as follows:

23 “(b) Not more than \$100,000,00 of the funds made
24 available under this Act, of which not more than \$20,000,000
25 may be allocated to any one country, may be used

1 in any fiscal year by the President, to be expended, without
2 regard to the requirements of this Act, or any other Act for
3 which funds are authorized by this Act, in furtherance of the
4 purposes of such Acts, when the President determines that
5 such use is important to the security of the United States.
6 The President shall notify the Committee on Foreign Re-
7 lations of the Senate and the Committee on Foreign Affairs
8 of the House of Representatives upon making any such
9 determination.”

10 (c) TERMINATION OF PROGRAM.—Amend section
11 530 (a) (relating to the expiration of the Mutual Security
12 Program) to read as follows:

13 “SEC. 530. (a) After June 30, 1956, or after a date
14 specified in a concurrent resolution passed by the two Houses
15 of Congress, whichever is the earlier, none of the authority
16 conferred by this Act or by the Mutual Defense Assistance
17 Act of 1949, as amended (22 U. S. C. 1571–1604), may
18 be exercised; except that following such date—

19 “(1) equipment, materials, commodities, and serv-
20 ices with respect to which procurement for, shipment to,
21 or delivery in a recipient country had been authorized
22 prior to such date may be transferred to such country, and

23 “(2) funds appropriated under the authority of this
24 Act shall, if obligated before such date, remain avail-

1 able for expenditure for three years following such date,
2 and shall be available during such period for obligation:

3 (A) for the necessary expenses of procurement, ship-
4 ment, delivery, and other activities essential to such
5 transfers, and (B) for the necessary expenses of liquidat-
6 ing operations under this Act.”

7 (d) UNDERDEVELOPED AREAS.—Add the following new
8 section 548:

9 “SEC. 548. Whenever funds are made available under
10 this Act for assistance, other than military assistance, to any
11 economically underdeveloped area, such funds may be used
12 under the applicable provisions of section 503 (b) (3) or
13 the applicable provisions of the Act for International Develop-
14 ment. Where administrative arrangements, including pro-
15 visions relating to compensation and allowances of personnel,
16 authorized under section 503 (b) (3) differ from those au-
17 thorized by the Act for International Development, the Di-
18 rector may make use of arrangements authorized under either
19 statute, in carrying out such programs, except that before ex-
20 tending the provisions of section 109 (a) of the Economic
21 Cooperation Act of 1948, as amended, to countries in which
22 programs authorized under the Act for International De-
23 velopment are being carried out, the Director will secure the
24 approval of the Secretary of State.”

25 (e) USE OF LOCAL CURRENCY.—

1 (1) Amend section 519 (b) to read as follows:

2 “(b) In order to assist in carrying out the provisions
3 of section 514, funds made available to carry out that section
4 may be used to acquire local currency for the purpose of
5 increasing the production of materials in which the United
6 States or nations receiving United States assistance are
7 deficient.”

8 (2) Amend section 521 by striking out the words “the
9 administrative and operating expenses of” in the next to the
10 last sentence.

11 (3) Add the following new section:

12 “SEC. 549. USE OF FOREIGN CURRENCY OR CREDITS.—
13 There is hereby authorized to be made available for the
14 fiscal year 1954 for the purpose of this Act, not to exceed
15 the equivalent of \$98,396,000 in foreign currencies or
16 credits owed to or owned by the United States: *Provided*,
17 That, in addition, any foreign currencies or credits owed
18 to or owned by the United States are authorized to be con-
19 tinued available for use for liquidation of obligations in-
20 curred against such currencies prior to July 1, 1953.”

21 SEC. 606. The Mutual Defense Assistance Act of 1949,
22 as amended (22 U. S. C. 1571–1604), is further amended
23 as follows:

24 (a) ASSISTANCE TO NATO COUNTRIES.—Add the fol-

1 lowing proviso before the period at the end of section 101
2 (relating to military assistance to NATO countries) : “: *Pro-*
3 *vided*, That military assistance may be furnished for pur-
4 poses not included in such defense plans upon a determina-
5 tion by the President that it will further the purposes and
6 policies of this Act”.

7 (b) EXCESS EQUIPMENT.—Immediately before the
8 period in the next to last sentence of section 403 (d) (re-
9 lating to limitation on furnishing of excess equipment), add
10 the following: “and after June 30, 1953, by an additional
11 \$200,000,000”.

12 (c) SALES OF MILITARY EQUIPMENT.—Strike out the
13 word “The” where it appears at the beginning of section
14 408 (e) (1) (relating to sales of military equipment) and
15 insert in lieu thereof the following: “Notwithstanding the
16 provisions of section 530 (a) of the Mutual Security Act
17 of 1951, as amended, the”.

18 (d) DEPENDABLE UNDERTAKING PROCEDURE.—
19 Amend the last sentence of section 408 (e) (2) (relating
20 to sales of military equipment) to read as follows: “Before
21 a contract is entered into or rehabilitation work is under-
22 taken, such nation, or international military organization or
23 headquarters, shall (A) provide the United States with a
24 dependable undertaking to pay the full amount of such

1 contract or the cost of such rehabilitation which will assure
2 the United States against any loss on the contract, or
3 rehabilitation work, and (B) shall make funds available
4 in such amounts and at such times as may be necessary
5 to meet the payments required by the contract or the
6 rehabilitation work in advance of the time such payments
7 are due, in addition to the estimated amount of any dam-
8 ages and costs that may accrue from the cancellation of
9 such contract or rehabilitation work: *Provided*, That the
10 total amount of outstanding contracts under this subsection,
11 less the amounts which have been paid to the United States
12 by such nations, shall at no time exceed \$700,000,000.”

13 (e) LOANS OF EQUIPMENT.—Amend section 411 (d)
14 (containing definitions) to read as follows:

15 “(d) The term ‘services’ shall include any service, repair,
16 training of personnel, or technical or other assistance or in-
17 formation necessary to effectuate the purposes of this Act,
18 including loans of equipment for test and study purposes.”

19 SEC. 607. COUNTERPART LOANS.—Amend the last pro-
20 viso of section 115 (b) (6) (relating to counterpart funds)
21 of the Economic Cooperation Act of 1948, as amended
22 U. S. C. 1503–1519) to read as follows:

23 “*And provided further*, That whenever funds from such
24 special account are used by a country to make loans, all
25 funds received in repayment of such loans prior to termina-

1 tion of assistance to such country shall be reused only for
2 such purposes as shall have been agreed to between the
3 country and the Government of the United States.”

4 SEC. 608. UNITED NATIONS TECHNICAL COOPERA-
5 TION PROGRAMS.—Amend the last proviso in section 404 (b)
6 of the Act for International Development by striking out the
7 word “fiscal” and inserting in lieu thereof the word
8 “calendar”.

9 SEC. 609. REPEAL OF CERTAIN PROVISIONS.—(a) (1)
10 Subsection (a) of section 516 of the Mutual Security Act
11 of 1951, as amended, is repealed.

12 (2) Amend subsection (b) of such section by striking
13 out the words “to accomplish the purpose of clause (1) of
14 subsection (a) of this section, under” and inserting in lieu
15 thereof the word “Under”.

16 (b) Section 115 (k) of the Economic Cooperation Act
17 of 1948, as amended, is repealed. Nothing in this subsec-
18 tion shall be construed to prevent the carrying out of any
19 commitment or agreement entered into pursuant to said
20 section 115 (k) prior to the date of enactment of this Act.

[Report No. 403]

A BILL

To further amend the Mutual Security Act of 1951, as amended, and for other purposes.

By Mr. WILEY

JUNE 13, 1953

Reported, under order of the Senate, by Mr. WILEY

JUNE 15 (legislative day, JUNE 8), 1953

Read twice and referred to the Committee on
Armed Services

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 17, 1953
For actions of June 16, 1953
83rd-1st, No. 109

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HIGHLIGHTS: Senate passed Pakistan wheat bill. Senate committee reported St. Lawrence waterway bill. House debated 2nd independent offices appropriation bill. House committees reported wheat-for-Pakistan and mutual security bills. Conferees reported economic controls bill.

HOUSE

1. **FOREIGN AID.** The Agriculture Committee reported with amendment H.R. 5659, to provide for the transfer of price-support wheat to Pakistan (H. Rept. 570) (p. 6906).

The Foreign Affairs Committee reported without amendment H.R. 5710, Mutual Security Agency authorization bill (H. Rept. 569) (p. 6906). Reps. Burleson and Javits discussed this bill (pp. 6851-53).

2. **ECONOMIC CONTROLS.** Received the conference report on S. 1081, providing for temporary economic controls (H. Rept. 571) (pp. 6901-06). The conferees agreed to eliminate from the bill titles 6 (consumer and real-estate credit) and 8 (90-day freeze provisions); adopt the Senate definition of national defense; adopt the House amendment to establish a Small Business Administration (to take the place of the Small Defense Plant Administration which will expire June 30, 1953); and adopt a 2-year extension of those provisions which the House amendment would have extended for only 1 year.

3. **APPROPRIATIONS.** Began debate on H.R. 5690, second independent offices appropriation bill for 1954 (pp. 6850, 6862-901). The discussion centered mainly on TVA.

4. **FORESTRY.** The Interior and Insular Affairs Committee ordered reported (but did not actually report) with amendments H.R. 334, regarding disposition of deposits of sand, stone, gravel, etc., when situated on national forest lands (p. D564).

5. RECLAMATION. The Interior and Insular Affairs Committee ordered reported (but did not actually report) with amendments H.R. 1374, relating to appropriations for construction of the Eklutna project, Alaska (p. D564).
6. FOOD INSPECTION. The Interstate and Foreign Commerce Committee ordered reported (but did not actually report) H.R. 5740, to permit factory, warehouse, etc., inspection by the Food and Drug Administration, after giving written notice to the owner (p. D565).
7. PERSONNEL. The Post Office and Civil Service Committee ordered reported (but did not actually report) H.R. 5706, to facilitate civil-service appointment of persons who lost this opportunity because of military service after June 30, 1950 (p. D565).
8. FARM PRICES. Rep. McCarthy criticized the statement by Leonard Hall, Republican national chairman, that the farm price decline had been halted by the present administration and that farm prices were now on the upturn (p. 6852).

SENATE

9. FOREIGN AID. Passed with amendments S. 2112 (pp. 6824-31). This bill provides as follows:

Authorizes the Commodity Credit Corporation to make up to 1 million long tons of wheat acquired through price-support operations available to the President for transfer to the Government of Pakistan upon such terms as he sees fit. Authorizes appropriations to reimburse CCC. Requires the terms of the transfer to Pakistan to provide for (a) distribution of the wheat without discrimination; (b) full publicity for United States assistance; (c) United States observers; (d) utilization of local currency received for the wheat as agreed upon by the United States and Pakistan to increase food production in Pakistan and other projects in the mutual interest of the two countries; (e) allocation of 5 percent of the local currency receipts to the United States for its local currency requirements; (f) appropriate measures to reduce and forestall further relief needs; and (g) free distribution to needy persons. Permits termination of assistance by the President or Congress. Requires transportation of at least half of the wheat in American ships.
10. ST. LAWRENCE WATERWAY. The Foreign Relations Committee reported without amendment S. 2150, to create the St. Lawrence Seaway Development Corporation. Sen. Wiley stated this bill was approved by a 13-2 committee vote. The committee was granted authority to submit its report within the next 2 days (S. Rept. 441). (pp. 6820-1.)
11. IMMIGRATION. Passed without amendment S. 1766, to establish the Office of Commissioner of Refugees to coordinate Government activities relating to escapees and refugees and the migration of persons (pp. 6834-5).
12. RECESSED until Thurs., June 18 (p. 6849). The legislative program as stated by the acting majority leader: S. 1901, outer Continental Shelf bill was made the unfinished business until copies of the hearings and report are available; Thurs., calendar; Fri., if hearings on S. 1901 are not then available, "miscellaneous and largely uncontroversial bills" (pp. 6847-8).

MUTUAL SECURITY ACT OF 1953

REPORT

OF THE

COMMITTEE ON FOREIGN AFFAIRS

ON

H. R. 5710

A BILL TO AMEND FURTHER THE MUTUAL SECURITY
ACT OF 1951, AS AMENDED, AND FOR OTHER PURPOSES



JUNE 16, 1953.—Committed to the Committee of the Whole House on the
State of the Union and ordered to be printed, with illustrations

UNITED STATES
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Union Calendar No. 201

83D CONGRESS
1st Session

} HOUSE OF REPRESENTATIVES {

REPORT
No. 569

MUTUAL SECURITY ACT OF 1953

JUNE 16, 1953.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed with illustrations

Mr. CHIPERFIELD, from the Committee on Foreign Affairs, submitted the following

REPORT

[To accompany H. R. 5710]

The Committee on Foreign Affairs, to whom was referred the bill (H. R. 5710) to amend further the Mutual Security Act of 1951, as amended, and for other purposes, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

INTRODUCTION

A. THE "PACKAGE"

This is a "package" bill. It involves the extension of 11¹ different laws providing for various aspects of our foreign policy in all parts of the world. The package plan was devised in the 80th Congress and has been used ever since. It has the advantage of bringing many phases of our worldwide foreign policies together for overall comparison, consideration and action at the same time.

The problems involved, however, are diverse and complex and cannot be understood or solved, or even described, in any quick, easy way.

The committee has had 47 meetings and 18 subcommittee meetings this year studying the areas and the situations involved in this bill, which has 7 chapters, affects 56 countries directly, and every country on earth indirectly.

This is not an appropriations bill, but is a foreign-policy bill. The amounts involved are limitations on appropriations. The proposals have already received three successive reductions, as follows:

Truman budget request	\$7, 600, 000, 000	<i>Reductions</i>
Administration request	5, 828, 000, 000	\$1, 772, 000, 000
Revised administration request	5, 474, 000, 000	354, 000, 000
Committee bill	4, 998, 000, 000	476, 000, 000
Total reduction		2, 602, 000, 000

¹ See p. 7 for list of laws involved.

Thus, the committee bill is \$2.6 billion, or 34 percent, below the Truman request, and \$830 million, or 15 percent, below the administration's original request. We believe, however, that the adjustments we have made will not impair the program. They have been selective, based on considerations of policy. They will be described later in this report. We believe strongly that this "package" of policies should be extended, as requested by the President.

B. THE PRESIDENT'S APPRAISAL

The President made the following statement in support of the program:

I present this whole program to you with confidence and conviction. It has been carefully developed by the responsible members of this administration in order to achieve, at least possible cost, the maximum results in terms of our security and the security of our friends and allies. In my judgment, it represents a careful determination of our essential needs in pursuing the policy of collective security in a world not yet freed of the threat of totalitarian conquest.

Unequivocally I can state that this amount of money judiciously spent abroad will add much more to our Nation's ultimate security in the world than would an even greater amount spent merely to increase the size of our own military forces in being.

Were the United States to fail to carry out these purposes, the free world could become disunited at a moment of great peril when peace and war hang precariously in balance.

This is the way best to defend successfully ourselves and the cause of freedom. (Message of May 5 transmitting recommendations for legislation to extend the Mutual Security Program.)

C. PARTY PLATFORMS

The following excerpts dealing with foreign aid are taken from the platforms of the major political parties:

Republican platform

We shall have positive peace-building objectives wherever this will serve the enlightened self-interest of our Nation and help to frustrate the enemy's designs against us.

In Western Europe we shall use our friendly influence, without meddling or imperialistic attitudes, for ending the political and economic divisions which alone prevent that vital area from being strong on its own right.

We shall encourage and aid the development of collective security forces there, as elsewhere, so as to end the Soviet power to intimidate directly or by satellites, and so that the free governments will be sturdy to resist Communist inroads.

In the balanced consideration of our problems, we shall end neglect of the Far East which Stalin has long identified as the road to victory over the West. We shall make it clear that we have no intention to sacrifice the East to gain time for the West.

Democratic platform

We reject the ridiculous notions of those who would have the United States face the aggressors alone. That would be the most expensive—and the most dangerous—method of seeking security. This Nation needs strong allies, around the world, making their maximum contribution to the common defense. They add their strength to ours in the defense of freedom.

Progressive Party platform

It is of interest to note the following statement taken from the platform of the Progressive Party:

The Progressive Party asserts that the real threat to American security comes, not from without, but from within: from the policies of the bipartisans themselves. These policies have not protected our national security, but undermined it. They have debased the living standards and are destroying the freedom of the American people, on which our national security rests.

The tremendous armaments program that the Truman administration has forced upon Western Europe, together with its disruption of East-West trade, have steadily lowered living standards in England, France, and Italy; and are bringing these countries to the brink of economic disaster. America's "get tough" policy is also tough on the hard-pressed peoples of Western Europe.

D. STATEMENTS BY CABINET MEMBERS AND OTHER OFFICIALS

1. *Statements of Secretary of State Dulles*

In his opening statement in support of the Mutual Security Program Secretary Dulles said, speaking to a joint committee hearing:

The mutual program will produce more real security for the people of the United States than we could get by spending the same amount of money on a purely national program. I want to make clear at the beginning that this program has nothing to do with pure charity. It is based upon solid considerations of self-interest. It is, in fact, an inescapable part of our own national-security program.

On May 6, when asked by Hon. James P. Richards whether he considered the mutual security authorization to be just as important to the defense of the United States as any equivalent amount in our own defense appropriation, bill, Secretary Dulles said:

Yes, sir. I would even go further than that and say that by and large, cuts in this bill would require in the very near future the expending of more money in terms of our purely national defense than could be cut out of the bill. In other words, I believe that cutting this bill will not, in the long run, involve a saving, but will involve additional cost. I believe that the defense value that the United States gets, for example, out of divisions of other countries, which cost far less to maintain than do United States divisions, which are already located perhaps in a more strategic position to deter aggression than would our forces if they were kept here at home, that to round that out with some additional end items and military equipment from the United States, is the cheapest way in which we can get defense. If we do not do it that way, we will have to do it in a more expensive way. That is, broadly speaking, my view.

Secretary Dulles had also said in his opening statement:

* * * our country is confronted by a very grave threat. There is not yet any evidence that this threat has diminished, or will diminish within the foreseeable future. * * * Our mutual security planning must be, and is, long-range. We cannot afford to exhaust ourselves by spasmodic programs designed to meet ever-recurring emergencies. We cannot operate on a day-to-day, hand-to-mouth basis. Instead, we must think in terms of policies and programs that we can afford to live with for what may be a long period of years.

2. *Statement of Director for Mutual Security Stassen*

I feel we are at one of these crucial points in the history of this country and the free nations, and in which the prospects of peace are in balance. I think that the vital thing is whether or not this country and this Congress are backing the President and the Secretary of State as they endeavor to move in these very complex, delicate, difficult, world problems. This program, with all of its interlocked defense, military, and economic aspects that affect these governments all around the world, is one essential element in the whole picture. You are in a situation where these governments, which have been moving on the basis of certain policies, are being turned in new directions. The President has made it clear, after careful study, that he wants to cut the program down to this level of \$5.8 billion. In addition, we have found, within the 1950-53 programs that we can make further savings of \$404 million, even though we have already met * * * certain other needs out of these savings. Thus, you can see that we are not just carelessly issuing funds, and under those circumstances I think it is just tremendously vital to the future prospects of peace and to economic success within America that the President be backed in the program.

3. *Statement of Secretary of Defense Wilson*

Late yesterday afternoon I returned from 3 weeks in Europe. The review of the military situation in the NATO meeting in Paris, the informal discussions

which I had with Defense Ministers and military leaders of other nations, and my conversations with our own United States commanders, and inspection of the installations on which United States forces are presently deployed have all led me to the following conclusions:

(a) We have come quite a long way toward the goal of attaining security for the North Atlantic Community;

(b) We still have a long way to go, measured in terms of military, economic, and political strength;

(c) To date no justification has yet appeared to warrant any belief that the danger has disappeared or even appreciably lessened;

(d) We have now reached a posture of defense in NATO where we can determine the rate of further improvement in our military forces in the light of the economic capabilities of NATO nations to sustain a continued defense effort and state of preparedness over an indefinite period of years.

(e) Problems outside the NATO area, particularly in the Pacific where two hot wars are now going on, require individual treatment although they are essentially an important part of the defense of the free world.

You will see as the program for the Far East is laid out for you that, together with the further strengthening of Japan, Formosa, and the Philippines, more than 25 percent of the total proposed military aid is designed to replace weakness with strength in this vitally important area. Likewise the crucial Middle East is not being neglected. In conclusion, it is my opinion, confirmed by the judgment of other members of the executive branch, that this program is what can, and should be done by way of military assistance in the fiscal year 1954.

4. Statement of Secretary of the Treasury Humphrey

When you start cutting the security or taking a chance with the security of your country, that is an entirely different matter from just cutting off departments or services or something of that kind. Even if you cut out a whole department for a year, it would not ruin the country, you could still build it back again if you made a mistake. But if you cut the security funds of your country to the point where you have jeopardized the safety of America you have done something that is irreparably damaged. So with this tremendous big percentage of our total expenditure for total security of America, I think we have to be very cautious. It slowed me right down to a walk in how fast you could go, what chances you could take, in cutting that down. I think it has to be only cut down slowly, and with the greatest of military consideration everywhere. Now, with the Mutual Security Program itself, that relates mostly to our friends, and I am sure of this: that any time we can get our friends to help us to do some fighting, to help us supply things we are just that much ahead. We need our friends to help in this field. * * * I am distressed not to get the budget balanced now. I would like to see it done. But I believe we should not balance the budget now, because I do not think we are justified in making the size cuts in security programs that we would have to make if we were balancing the budget. I think it is too early; it is too fast. We have got to learn more about what we are doing, all of us, and get a better picture of a better balanced, less expensive program. I think we can get more security for less money, but you cannot do it right now. I do not see how you can do it right now and until we see how we can do it, I think we ought not to jeopardize the defense of this country. That is the whole story. No one is more economy-minded than I am. * * * I just do not want economy at the expense of security.

5. Statement of the Chairman, Joint Chiefs of Staff, General Bradley

The military aid part of the Mutual Security Program is all important to the collective security of the free world. For several more years our allies—which we sorely need right now and in time of war if it occurs—will not be able to mobilize effective ground, naval, or air forces without a strong continuing support, through a program of mutual security. To a large extent our security is dependent upon their security.

The defense support funds in the present Mutual Security Program * * *—for the long pull—are almost as important as the military end items to be supplied. The defense support directly assists in the reestablishment of an adequate mobilization base and furnishes additional means for self-help among the producing nations.

The committee has given careful consideration to these appraisals of the President, his Cabinet, and other officials as to the urgency,

the scope and the magnitude of the program. The problems of United States foreign policy are worldwide. It is essential to our security that the measures we take to offset the aggressive measures of Communist forces be adapted to the situations that exist in different areas of the world. In order not to hamstring the program, our efforts avoided any narrow set of criteria for the various types of assistance which might be properly applied to one area but which could keep us from meeting effectively the situation confronting us in another part of the world.

E. POLICY MODIFICATIONS REFLECTED IN BILL

The bill as reported reflects a number of significant modifications in previous foreign aid policy and operations:

1. There has been some shift in the emphasis from Europe to the East. This is indicated by the following comparison of the distribution of Mutual Security funds in 1953 compared with the 1954 program.

	1953	1954
	<i>Percent</i>	<i>Percent</i>
Europe.....	73	53
Asia and the Pacific.....	14	24
Near East and Africa.....	11	13
Other.....	2	10

This shift involves more than an increase in funds. The programs of assistance to the nations of Asia and Africa have been enlarged in scope and made more flexible so that they can be adapted to the variety of situations which exist in those areas.

2. The European nations have more definitely assumed the status of military allies. The conversion of United States aid from a recovery program to a program geared to defense is further reflected in this bill.

3. The fact that new weapons are superseding those of World War II is recognized and authorization has been made for the construction of new and special nonatomic weapons.

4. The fact that our foreign-aid policy and program are in process of reorganization is recognized in the bill as reported. The Mutual Security Agency and the Technical Cooperation Administration have been combined by executive order and a plan for the establishment of a Foreign Operations Administration is before the Congress. The bill provides for the operation of the Technical Cooperation Administration program in fiscal 1954 under administrative provisions adaptable to Reorganization Plan No. 7. At the same time a reduction in the total number of persons employed in the program is specifically required to assure that reorganization does not leave personnel with nothing to do.

5. The provisions of the Supplemental Appropriations Act of 1953, designed to bring expenditures of local currency counterpart funds under control of the Congress, have been carried forward, and authorization has been included for the expenditure of counterpart funds.

F. CRITICISMS AND COMMENTS

The committee is familiar with the criticisms of the program. Certain of the criticisms are justified, and are being corrected. Many critical comments, however, are directed at conditions which do not exist, which are beyond the control of the United States, beyond the range of this program, or beyond the jurisdiction of this committee. The committee feels it should express its comments on some of the typical criticisms.

1. Criticism

The strain on the United States economy of the present defense program, including foreign aid, is a cause for concern.

Comment.—Undoubtedly the public debt is nearing the authorized limit and the people are growing restive under the burden of taxation. It is mandatory that we economize. But it would be false economy at the cost of the real security of the United States. In time the security of the United States can most economically be provided for by the joint effort of the United States and other free nations. Foreign aid is essential to strengthen this joint effort.

2. Criticism

There are people in allied countries of the free world whose zeal for defense has cooled somewhat. Other people are so fearful they feel resistance is hopeless.

Comment.—Our aid programs must inevitably be different from what they would be if all countries were equally able and determined to put themselves in readiness as quickly as possible to meet a Soviet attack regardless of the sacrifices involved. Yet the governments of the members of the alliance are providing vigorous leadership to their peoples with respect to the necessity of rearmament. In relation to their capacities the efforts of these countries reflect substantial sacrifices. Mutual cooperation for defense requires continued vigorous leadership.

3. Criticism

In certain instances the principal recipients of our aid do not agree with us on certain policies. In the Far East the British disagree with our policy toward Communist China. The French still fear the rearmament of Western Germany. There are some nations which regard the fighting in Korea as of only secondary concern to them.

Comment.—Major disagreements must occasionally be expected so long as we have strong allies and not subservient satellites, but they should not be allowed to persist long enough to endanger the joint security effort. It is to our interest to continue vigorous efforts to eliminate disagreements rather than abandon our mutual defense policies as a result of them.

4. Criticism

International negotiations and legislative action by countries participating in the Mutual Security Program have always taken longer than was anticipated. As one example, the ratification of the European Defense Community and the German contractual arrangements on which the rearmament of Germany is dependent are a year behind schedule and there is no certainty when action will be completed.

Comment.—Under the committee bill restrictions are placed upon the availability of funds until all necessary agreements are reached.

5. Criticism

There is objection to any support of totalitarian regimes.

Comment.—In the present world situation United States security in the face of the threat of Soviet aggression sometimes makes it necessary to work with those who can and will resist Soviet power effectively.

6. Criticism

In the newly independent nations which have recently evolved from colonialism or dependent status there is a hostility toward the western countries, including the United States.

Comment.—This attitude makes it difficult to enlist the full cooperation of most of them in the defense program. Their fear of domination by foreign powers and their suspicions and hostility toward the industrialized nations must be overcome by reassuring cooperation. It is important to our own security, therefore, to do everything possible to prevent any weakening of their governments or their falling under Soviet domination.

7. Criticism

Money which has been made available for the mutual security program has not been expended as rapidly as originally anticipated.

Comment.—This has been, in part, due to the demands made on United States military production by the Korean war and, in part, to the fact that negotiation, legislation, and organization among recipient nations has taken longer than had been estimated.

In the case of military funds, the situation is as follows:

Unexpended funds June 30, 1953 (estimate)-----	\$8, 038, 300, 000
Estimated expenditures, fiscal 1954 (Wilson estimate)-----	5, 000, 000, 000

Unexpended balance from present appropriations remaining at end of fiscal 1954-----	3, 038, 300, 000
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Similar figures for nonmilitary funds are as follows:

Unexpended June 30, 1953 (estimate)-----	1, 474, 800, 000
Expenditures, fiscal 1954 (estimate)-----	1, 871, 500, 000

Deficit-----	396, 700, 000
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More military end items will be delivered to foreign nations during the next fiscal year than any previous fiscal year because contracts which have been let in previous years are now maturing. Continuity in the long-term program requires additional authorization.

8. Criticism

The transformation of the original European recovery program to a defense program in Europe is not complete. Vestiges remain of operations which originated in and are directly related to a recovery program. These include programs to reform the economic structures of the recipient countries by such measures as getting rid of cartels and developing United States type trade unions. There are leftover staffs of economic analysts and advisers who devote most of their attention to the economic health of Allied Nations. There may be a tendency to feel the national pulse to see that a country does not overstrain itself rather than to urge exertion to the utmost to attain the goals necessary for defense.

Comment.—It is desirable to make the necessary administrative adjustments to make sure that United States foreign aid funds are expended to enable our allies to meet their defense commitments of 1953 and 1954 rather than to carry on the traditions of the Marshall plan of 1948. These adjustments are facilitated by the committee bill.

9. Criticism

Numerous criticisms have been leveled against the administrative operation of the foreign-aid programs.

Comments.—In its hearings which cover 1,300 pages, the committee has made a worldwide survey of the operation of this program and on the basis of these hearings recommends the continuation of the program. In the course of its hearings and through the use of subcommittees in the field, the committee has investigated many of the criticisms of the program, but the committee has not attempted to investigate all of them. Other committees are exploring in detail such operations, including the trade with countries behind the Iron Curtain, the utilization of counterpart funds, and the selection of personnel in the program. Correction of many of the situations can be accomplished by administrative action without additional legislation. Reorganization Plan No. 7 is designed to accomplish this result. An opportunity should be given to those charged with the administration of the program to deal with such problems.

G. NEED FOR CONTINUING PROGRAM

Despite the factors just enumerated, several of which are unpleasant and difficult to reconcile with each other, the program must go forward. The committee has held clearly before it as the paramount consideration the security interest of the United States which is being greatly fortified by the increased mobilization of the resources of the free world against Soviet aggression. It is not just the addition to our own strength which we would gain if it is possible to unite and organize effectively the manpower and the production facilities of the nations not yet under Soviet domination. There is also the added danger to us if these same resources are permitted to fall under Soviet control.

The committee believes that the threat of Communist aggression still requires a continued defense effort on the part of the free nations of the world. We do not profess to be mindreaders. Security requires us to base our plans on enemy capabilities rather than on enemy intentions. There are all kinds of guesses as to the intentions of the Soviet leaders at this moment or in fiscal 1954 or at some later date. There is no doubt now as to their military strength and their ability to launch an attack in great force with little warning. Until we are ready to withstand and turn back such an attack we should push forward our defense program regardless of difficulties and disappointments. It is our conviction that this course is the best way to deter such an attack.

The committee believes also that progress has been and is being made in organizing the forces and facilities of sovereign nations under a unified military command. A chain of airbases is under construction in Western Europe for intercepting any Soviet attack. Jet planes are being supplied to man these bases. Trained units of

many nations are already equipped with modern United States tanks, artillery, and other weapons. The fact that annoying problems have been encountered, that it has taken longer to accomplish objectives than anticipated, and that our money has not been spent as effectively as originally hoped does not indicate that the concept is unsound or that the entire effort should be abandoned.

The Committee on Foreign Affairs is convinced that it is in the interest of the security of the United States to try to mobilize the free nations against Communist aggression. The program in the committee bill carries out this purpose. It should be adopted.

H. NEED FOR NEW LEGISLATION

This is an interim bill. The committee is disappointed that we do not have a better legislative structure for this "package" which now contains nine different laws as follows:

- (1) The Mutual Security Act of 1951.
- (2) The Mutual Security Act of 1952.
- (3) Any provision of the Economic Cooperation Act of 1948 which is in effect on the day preceding the effective date of this act.
- (4) The China Aid Act of 1948.
- (5) The Far Eastern Economic Assistance Act of 1950.
- (6) The China Area Aid Act of 1950.
- (7) The Mutual Defense Assistance Act of 1949.
- (8) The act entitled "An act to provide for assistance to Greece and Turkey", approved May 22, 1947.
- (9) The United Nations Palestine Refugee Aid Act of 1950.
- (10) The Act for International Development (point 4).
- (11) The Institute of Inter-American Affairs Act.

We have realized, however, that more was needed than a mere recodification of existing laws. The administrative structure, the basic policies, need overhauling. Time has not permitted the new administration to do this, and the committee has had neither the time nor the authority to do it. The new administration, however, recognizes the problem and has set out to solve it in Reorganization Plan No. 7. In his message submitting this plan to Congress, President Eisenhower said:

Our organization for the conduct of foreign affairs has been built upon a patchwork of statutes which needs careful restudy as a basis for new legislation. The development of new legislation will take time. By early next year we will be prepared, with appropriate consultation with the Congress, to recommend such legislation. In the meantime we must improve the present arrangements within the framework of existing legislation.

To date the organization of the executive branch for foreign affairs has been deficient in two major respects. First: There has been no clear assignment of central responsibility for foreign policy below the President. Second: A number of programs which implement our foreign policy have been scattered within the executive branch rather than being grouped together for the most efficient and economical administration.

We must correct these deficiencies. The measures proposed are directed toward that objective. The consideration of new legislation will open up further reorganization possibilities.

I. EXECUTIVE CANDOR

In the earlier stages of the hearings there was apparent either a lack of candor or a lack of understanding as to the type of material the committee wanted. This was cleared up and, in general, the informa-

tion desired was obtained. The effort of N. E. Halaby, Deputy Assistant Secretary of Defense, in this direction is particularly appreciated. There are a number of instances of this candor.

Savings of \$354 million already effected and probable savings of an additional \$50 million were announced after the original authorization request was made and the request was reduced by this amount. The authorization for special economic assistance for the Near East and Africa includes \$30 million for United Nations Relief and Works Agency to be used for displaced Arabs although no appropriation will be requested this year. Plans are admitted to be insufficiently advanced for using this sum to justify an appropriation. It is regarded as essential, however, to our relations in the Middle East to indicate the willingness of the United States to go forward toward meeting the problems of the Arab refugees. A similar situation occurred in Italy where delays in a project for assembling military airplanes in Italy permitted the application of \$37,500,000 of funds to the fiscal 1954 program which had been previously included in the fiscal 1953 authorization.

The Department of Defense has substantially reorganized its accounting procedures following a study by the General Accounting Office initiated by the Committee on Appropriations of the House. As a result of this accounting change, the Defense Department has informed the committee that its unobligated balance as of June 30, 1953 is likely to be as great as \$1,600 million (the unexpended balance is not affected).

The committee was also given information that the United States has entered into a commitment with the other NATO countries, subject to parliamentary action in all cases, to contribute approximately 42 percent of the cost of the construction of additional airfields and other facilities in Europe even though the plans for this program are not yet firm and it may be several years before construction is finished.

J. EVALUATION TEAM REPORTS

Upon his assumption of office as Director for Mutual Security, Mr. Harold E. Stassen sent evaluation teams made up of business leaders from various sections of the United States to survey Mutual Security Agency operations in Europe and Asia.

The committee was furnished with copies of all the reports of the evaluation teams, many of which were secret. The Mutual Security Agency has supplied the committee with a detailed analysis of all recommendations and suggestions of the evaluation teams, together with a statement of the action taken by the executive branch with regard to them.

This bill reflects a number of changes recommended by the evaluation teams and the Reorganization Plan No. 7 which provides for the combining of foreign aid operations in a new Foreign Operations Administration carries out additional recommendations of these teams.

The judgment of the committee as to the request for economic assistance is also reinforced by the statement of Mr. Clarence Francis, chairman of the board of the General Foods Corp., and director of the evaluation teams that the request for authorization reflects the general recommendations of the evaluation teams.

K. AUTHORIZATIONS COMPARED WITH 1953 APPROPRIATIONS

*Mutual Security Program—Fiscal year 1954 authorization recommended by House Foreign Affairs Committee as compared to fiscal year 1953 appropriation*¹

	Fiscal year 1953	Fiscal year 1954 committee bill
Chapter I. Military assistance:		
A. Europe	\$3,003,225,000	\$2,079,689,870
B. Near East and Africa	499,116,000	305,212,637
C. Asia and the Pacific	540,808,000	1,081,620,493
D. American Republics	51,686,000	15,000,000
Total, chapter I	4,094,835,000	3,481,523,000
Chapter II. Mutual defense financing:		
A. Defense support and economic aid in Europe	1,402,133,000	200,000,000
B. Defense support in Formosa and Indochina	171,250,000	84,000,000
C. French NATO military production		100,000,000
D. British NATO aircraft production		100,000,000
E. Equipment and support of forces in Indochina		400,000,000
Total, chapter II	1,573,383,000	884,000,000
Chapter III. Mutual special weapons planning		100,000,000
Chapter IV. Technical assistance:		
A. The Near East and Africa	50,823,000	43,792,500
B. Asia and the Pacific	94,243,000	72,100,000
C. American Republics	20,329,000	24,342,000
Total, chapter IV	165,395,000	140,234,500
Chapter V. Special regional economic assistance:		
A. The Near East and Africa	130,291,000	194,000,000
B. India and Pakistan		94,400,000
Total, chapter V	130,291,000	288,400,000
Chapter VI. Multilateral organizations:		
A. Movement of migrants	9,241,000	10,000,000
B. Multilateral technical cooperation	9,171,000	13,750,000
C. Children's welfare	6,667,000	9,000,000
D. Ocean freight	2,537,000	825,000
E. United Nations Korean Reconstruction Agency		71,000,000
Total, chapter VI	27,666,000	104,575,000
Noncomparable items	6,001,947,750	
Total, Mutual Security	5,991,570,000	4,998,732,500

¹ Fiscal 1953 figures have been adjusted to reflect transfers of funds and to correspond where possible to 1954 categories.

The following tables show the distribution of assistance by area and title. Detailed figures for all aid to European countries are given because they have been declassified. Similar figures for other areas are classified as secret.

Mutual security—1954 authorization request by program and country

[In millions of dollars]

TITLE I—EUROPE

Country or item	Mutual defense materiel and training ¹	Defense support ²	Special defense financing ³	Total
Austria.....		20		20.000
Belgium.....	182.026			182.026
Denmark.....	92.289			92.289
France.....	364.288		100	464.288
Germany.....	338.527	15		353.527
Greece.....	(⁵)	20		20.000
Italy.....	351.214	20		371.214
Luxembourg.....	.009			.009
Netherlands.....	93.656			93.656
Norway.....	20.056			20.056
Portugal.....	21.189			21.189
Spain.....	91.091	10		101.091
Turkey.....	(⁵)	50		50.000
United Kingdom.....	251.115	100	100	451.115
Yugoslavia.....	216.906	45		261.906
Total country distribution ⁴	2,022.366	280	200	2,502.366

¹ This is direct military assistance including tanks, planes, weapons, ammunition, etc.

² This is economic assistance to countries engaged in defense programs which are beyond the resources of their economies.

³ This is a new form of aid consisting of financing certain military procurement contracts for foreign governments which would otherwise have to be discontinued for budgetary reasons.

⁴ Country allocations do not reflect changes made in authorization recommendations by the committee; they are the original recommendations of the executive branch.

⁵ Classified information.

TITLE II—NEAR EAST AND AFRICA

1. Military assistance, including training and packing, handling, crating, and transportation ⁵	\$305,212,637
2. Technical assistance programs:	
Egypt.....	\$11,876,000
Ethiopia.....	1,631,000
Iran.....	13,907,000
Iraq.....	2,237,000
Israel.....	1,521,000
Jordan.....	2,258,000
Lebanon.....	2,852,000
Liberia.....	1,283,500
Libya.....	1,534,000
Saudi Arabia.....	742,000
Syria.....	2,937,000
Regional.....	1,014,000
	43,792,500
3. Palestine refugees (UNRWA).....	30,000,000
4. African dependent overseas territories.....	24,000,000
5. Special economic assistance—Arab States, Israel, Iran ⁵	140,000,000
	543,005,137

⁵ Classified information.

TITLE III—ASIA AND PACIFIC

1. Military assistance, including training and packing, crating, handling, and transportation ⁵	\$1, 081, 620, 493
2. Technical assistance and special economic assistance:	
Afghanistan	\$1, 400, 000
India	109, 900, 000
Indonesia	4, 000, 000
Nepal	700, 000
Pakistan	27, 500, 000
Philippines	17, 000, 000
Thailand	5, 000, 000
3. Formosa and Indochina—Defense support	165, 500, 000
4. Indochina—Special defense financing	84, 000, 000
5. Asian dependent overseas territories	400, 000, 000
6. United Nations Korean Reconstruction Agency	1, 000, 000
Total	71, 000, 000
	1, 803, 120, 493

TITLE IV—LATIN AMERICA

1. Military assistance, including training and packing, crating, handling and transportation ⁵	\$15, 000, 000
2. Technical assistance:	
Bolivia	\$1, 476, 000
Brazil	3, 604, 000
Chile	1, 730, 000
Colombia	1, 707, 000
Costa Rica	1, 091, 000
Cuba	242, 000
Dominican Republic	523, 000
Ecuador	1, 342, 000
El Salvador	764, 000
Guatemala	211, 000
Haiti	809, 000
Honduras	977, 000
Mexico	1, 257, 000
Nicaragua	675, 000
Panama	1, 228, 000
Paraguay	1, 535, 000
Peru	2, 055, 000
Uruguay	515, 000
Venezuela	188, 000
Regional	2, 413, 000
	24, 342, 000
Total	39, 342, 000

⁵ Classified information.

CHAPTER I.—MILITARY ASSISTANCE (SEC. 101)

The bill authorizes \$3,481,523,000 for military assistance. These authorizations are all contained in chapter I. This is almost 70 percent of the total authorization in the bill and will go directly into weapons, military equipment, and military training for our allies throughout the world.

A. EUROPE

Direct military assistance to Europe totals \$2,079,689,870. This is 42 percent of the total authorized by the bill. The distribution of military and other assistance to the countries of Europe as originally programed is shown in the following table.¹

1. Reduction in authorization

The committee has reduced the military authorization for Europe by \$100 million. The funds to be expended for particular types of weapons and certain other aspects of the military assistance program are regarded by the Defense Department as secret because this information would be useful to an enemy. As a consequence, although the cut recommended by the committee is based on its judgment that a specific element in the military program for Europe should be eliminated, an explanation cannot be made public. The recommendation of the committee has been transmitted to the Department of Defense, however.

2. European Defense Community (EDC)

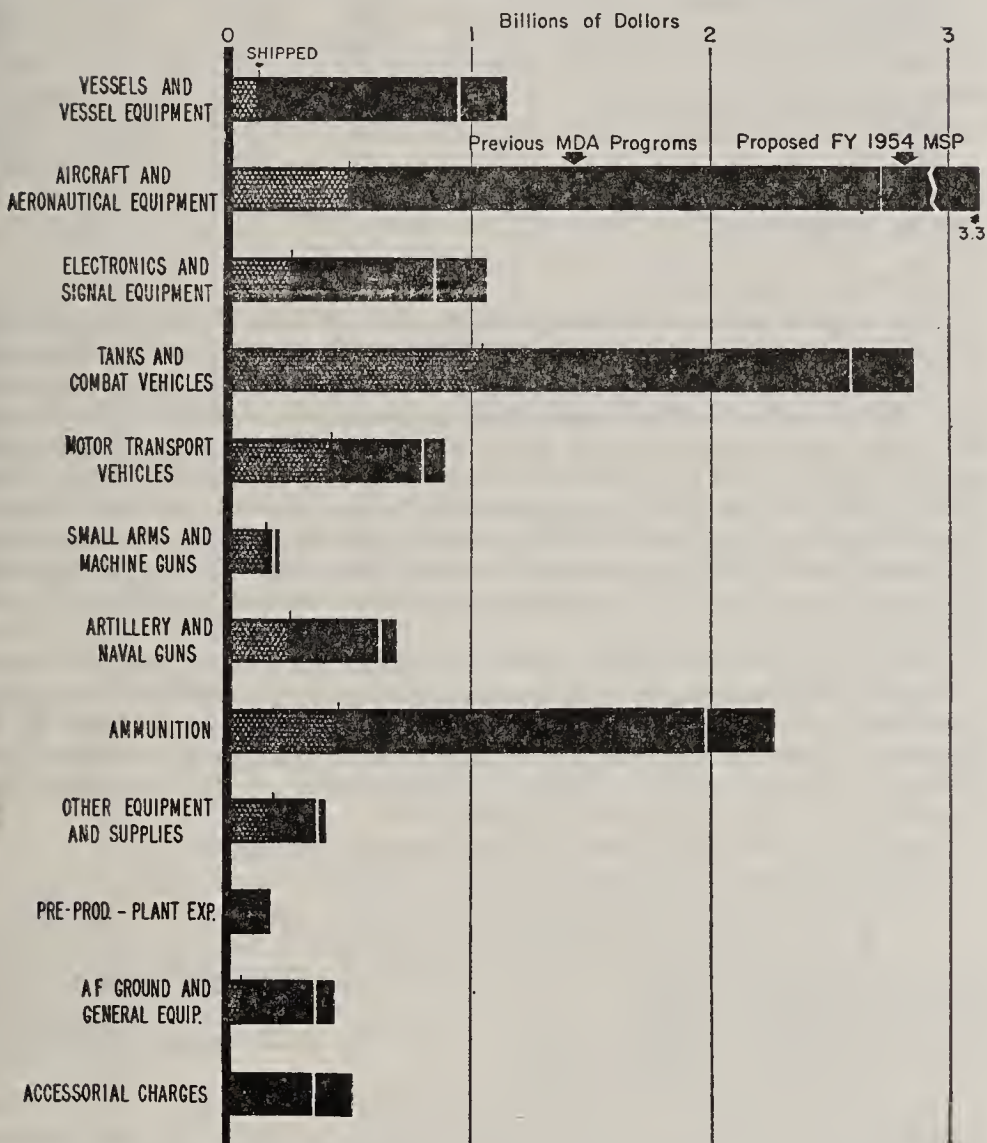
The bill provides that not less than 50 percent of the funds authorized for military assistance to Europe in fiscal 1954 shall be made available only for the European Defense Community. There is no comparable restriction on the funds available to Europe under the mutual defense financing program nor are any funds carried over from previous years subject to this limitation. The amendment imposes no restriction on the allocation among countries of the remaining 50 percent of the funds available to Europe. These may be shared with the six countries which have signed the treaty establishing the European Defense Community during the period required for the ratification of the treaty if it is in the interest of United States foreign policy. It must be recognized, however, that Western Germany cannot be armed until this treaty is ratified. The scale, nature, and effectiveness of the defense plan for Western Europe will be substantially different if the German Federal Republic participates in defense than if Germany is excluded. Unless Europe can unite, its ability ever to defend itself from aggression is questionable. The United States may need to invest its defense funds differently if the European Defense Community is not to become a reality.

3. End items

Eighty percent of United States military assistance to Europe is spent for military end items and for training. The other 20 percent is for packaging, handling and crating, infrastructure and administrative expenses for the entire program. The nature of the equipment and the status of deliveries is shown in the following chart.

¹ Country allocations have not been readjusted to reflect reduced authorizations.

DEPARTMENT OF DEFENSE
MUTUAL DEFENSE ASSISTANCE PROGRAM
COMPARISON OF FUND UTILIZATION
PREVIOUS MDAP VS PROPOSED FY 1954 LEGISLATION
EUROPE



4. Training

The extent of the training program is summarized in the following table:

Department of Defense, MDAP training program, Europe

	Total	Army	Navy	Air Force
Training in United States Mar. 1: ¹				
Programed fiscal year 1950-53.....	20,715	1,582	7,131	12,002
Completed.....	10,622	1,027	5,357	4,238
In training.....	4,158	284	794	3,080
Programed fiscal year 1954.....	8,846	859	3,962	4,025
Training overseas Mar. 1: ¹				
Programed fiscal year 1950-53.....	5,034	3,589	2	1,443
Completed.....	4,260	3,414	2	844
In training.....	195	104	0	91
Programed fiscal year 1954.....	3,717	798	0	2,919
Status of funds Mar. 31:	<i>Millions</i>	<i>Millions</i>	<i>Millions</i>	<i>Millions</i>
Total programed fiscal year 1950-53.....	\$203.6	\$13.9	\$45.0	\$144.7
Obligated.....	149.9	5.6	36.5	107.8
Expended.....	71.2	4.2	12.7	54.3
Total programed fiscal year 1954.....	107.3	11.9	13.6	81.8

¹ Formal training course.

5. Offshore procurement

The procurement of military equipment by the United States for other nations is done partly in the United States and partly abroad.

Offshore procurement is defined as military procurement outside of the United States and Canada with appropriated funds. The funds for such procurement come from two sources: (1) Armed services appropriations and (2) Mutual Security Agency appropriations. The procurement with funds appropriated to the armed services is primarily for the supply and maintenance of United States forces abroad. In fiscal year 1953 this amounts to \$790,200,000. Only the type of offshore procurement which concerns MSA funds is involved in this bill.

The MSA offshore procurement is limited to items which have been included in the military end item programs to be supplied to MSA countries under the mutual defense assistance program, that is, a program of military items to be supplied to Europe by the United States is drawn up first. Then certain items of this program are selected to be manufactured in Europe.

The objectives of the offshore procurement program are—

1. To assure delivery in Europe of military items that will meet military requirements according to a predetermined time schedule;
2. To assure production in Europe of items such as ammunition and spare parts after the initial buildup of supplies with United States assistance;
3. To create a defense production base in Europe to meet minimum wartime requirements.

An elaborate and overorganized system of screening of potential suppliers of military items for offshore procurement by the special representative in Europe has been eliminated pursuant to recommendations of the evaluation teams and the report of our own subcommittee and is being replaced through administrative action expressed in Executive orders and reorganization plans.

The actual procurement contracts are placed entirely by the United States military services—Army, Navy, and Air Force. These procurement officers operate out of United States-European military head-

quarters at Frankfort except for representatives of the Bureau of Ships, who are directed from Washington. It has been difficult, undoubtedly, for United States procurement officers to familiarize themselves with European manufacturing and business methods. A special study mission of the Committee on Foreign Affairs, consisting of Hon. Lawrence H. Smith, Wisconsin, chairman; Hon. Winston L. Prouty, Vermont; Hon. Albert P. Morano, Connecticut; Hon. Marguerite Stitt Church, Illinois; and Hon. Burr P. Harrison, Virginia, which visited Europe in April of this year, reported that most of the educational process has been completed and that there is now operating in Europe a staff of trained people who are able to function with reasonable effectiveness. In the judgment of the study mission, the function of the office of the special representative in Europe in finding potential sources and making recommendations for offshore procurement could now be transferred to the Department of Defense organization in Europe.

(a) *Procurement methods and problems.*—With few exceptions the procurement methods are those employed by the United States Armed Forces at home. Nearly all procurement is made on the basis of competitive bids. It is reported that the only exceptions which it has been necessary to make in the normal military procurement regulations have been made for such things as renegotiation of contracts and the inspection of records. It was reported that there is great interest in obtaining offshore procurement orders. On 1 category of items notices were sent to 2,233 firms, and proposals were received from 628 of them. It is necessary to translate United States specifications into the metric system and foreign terminology, which has frequently caused considerable delay. It has been the practice to allow some flexibility with regard to specifications in order to facilitate production in Europe, although this is said never to have been done at the sacrifice of essential standardization. The services state that there is a major problem with regard to price and in some instances European prices are definitely lower than United States prices for the same item. The following table was submitted by the United States Navy in Italy and indicates a substantial saving in the cost of procuring small naval vessels:

Vessels under contract

Type	Length	Unit cost	Total cost	United States cost
	<i>Feet</i>			
LCM (landing craft, mechanized).....	56	\$31,962	\$319,620	\$540,000
MSB (minesweeping boat).....		1,180,000	22,800,000	28,600,000
AMC (coastal minesweeper).....	144	1,930,000	13,510,000	16,940,000
AN (net tenders).....	151	1,647,222	3,294,444	5,644,000
PCE (patrol craft escort).....	250	2,263,627	18,109,016	30,192,000
DE (escort vessel).....		8,005,200	8,005,200	14,048,000

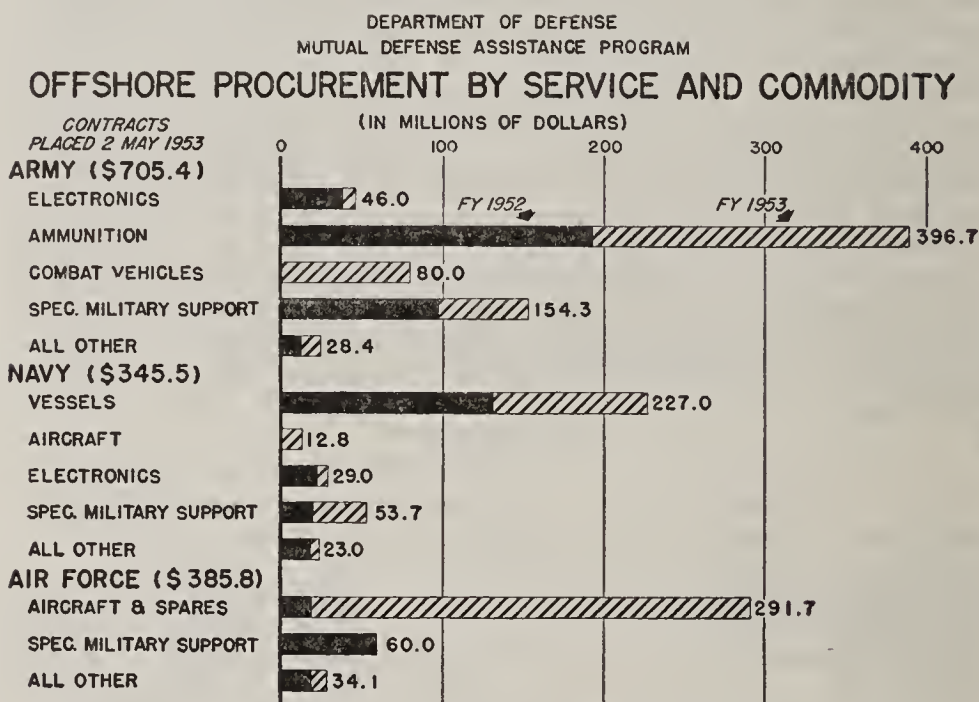
On the other hand, there are many items the cost of which is higher in Europe, particularly in view of the fact that contracts are placed for only a year at a time so that the manufacturer ordinarily feels that he must amortize his tooling up costs on his initial order. The present regulations do not permit the placing of a contract in Europe at a price higher than 110 percent of the United States price without permission from Washington. European manufacturers complain that frequently United States prices are not comparable since, in the

ease of ammunition and many weapons, United States production is in either Government-owned or Government-operated plants.

(b) *Relative costs.*—The committee also heard testimony as to the relative costs of a number of specific items. A particular round of ammunition costs in the United States \$16.30 against \$15.58 in Europe. The committee was told that logistical advantages as well as freight savings were considered in planning ammunition procurement abroad. In the case of a field radio which costs \$1,542 offshore, now costs \$1,448 in the United States, but cost \$1,784 in the United States before the present scale of production had been attained. The Defense Department finds that in the aggregate the \$2 billion that have already been placed in offshore procurement contracts have been placed at a lower price than the same items could have been bought in the United States and shipped to Europe.

The savings reported in the offshore procurement of aircraft were particularly impressive. The United States is buying a British model jet interceptor, the Hawker-Hunter at a price of \$220,000 each and a French jet interceptor, the Mystere at \$291,000 each. The F-86-H, a United States jet plane built for a somewhat different purpose, but which is the United States plane most comparable in price, is \$398,000.

(c) *Nature and volume.*—The nature and volume of offshore procurement to date is shown on the following chart:



(d) *Relation to economic assistance.*—The special study mission of the Committee on Foreign Affairs described the situation as follows:

There is no doubt that offshore procurement contracts provide substantial benefits to the recipient countries. Dollars earned in this way are as effective in closing the dollar gap as those received in any other way. The study mission did not have an opportunity to make an examination of the extent to which offshore procurement contracts had been placed in a country because of economic considerations. All of the evidence available indicated, however, that all such

procurement was of items required for the military program and was handled in a normal manner by the military procurement services.

The study mission noted the wide dispersion of subcontracts in connection with offshore procurement. It was reported that there are 35 major offshore procurement contracts which have resulted in 135 subcontracts of a degree higher than bolts, nuts, etc.

It is the policy to consider only existing manufacturing capacity in developing the offshore procurement program. Except for 1 or 2 cases where MSA assistance has been given to producers of aircraft, there is no investment of MSA funds in manufacturing facilities in connection with the offshore procurement program.

(e) *Strategic and security considerations.*—The decision as to whether or not it is in the interest of United States security to have a particular item manufactured abroad is made by the Pentagon. So far none of the newer and more complicated weapons and equipment are permitted to be manufactured outside the United States. An effort is made in placing contracts to give consideration to such matters as strategic vulnerability of the factory, the length of the supply line and the possibility of quick delivery.

No funds are set aside for offshore procurement in the present bill. It is financed out of the military funds authorized. The Department of Defense estimates that it will spend something over \$1 billion for offshore procurement next year.

6. Infrastructure

Included in the planned expenditures of the military funds authorized for Europe in this bill are \$180 million for the infrastructure program.

(a) *Definition.*—Infrastructure consists of the facilities needed to permit effective combat operations by the integrated NATO forces under the command of Gen. Matthew B. Ridgway and Adm. Lynde D. McCormick. Common infrastructure is available for use by the forces of all NATO countries. It is paid for through an international cost-sharing agreement among the NATO nations in which the United States participates. Funds are included in the bill to fulfill the United States share of the infrastructure program through 1954. The NATO forces cannot operate without logistic backup—without facilities. The aircraft need airfields and fuel supply. The armies need means of communication. The whole defensive alliance requires radar. Naval forces need fleet facilities. These are provided on a minimum basis under the NATO common infrastructure program. These requirements are programmed annually in so-called slices. Each slice is a year's program. To date the United States has agreed in NATO on four such slices. These programs to date total \$1.3 billion which amount will provide the facilities needed for the forces realistically expected to be in being by December 1954. The infrastructure needs are calculated not as requirements, but as real and tangible facilities directly related to actual forces.

(b) *United States agreement on contributions.*—The United States has agreed to contribute to this program along with its NATO allies. Our percentage has varied from 48 to 43 to 40 to an average of about 41 percent. Our contribution in terms of dollars is \$534 million. However, this figure is subject to adjustment as we have succeeded in reaching agreement with our NATO allies under which we do not

pay any taxes. This relief of the payment of taxes reduces the actual United States contribution to \$470 million or about 36 percent.

(c) *The program.*—The program to date provides for over a hundred airfields in NATO and additional fields in Germany. Of the total, almost half are main airfields upon which will be based tactical units available to meet the enemy should a war occur. In addition to the airfields there is a vital supply and storage system for jet fuel including tanks at airfields and pipelines to permit the flow of jet fuel to fields. Communications are provided in the program to link General Ridgway's headquarters with his commands. There are also elements of a radar screen and certain radio navigational aids. Major naval facilities in the Mediterranean area and elsewhere are provided so that the allied naval forces can operate effectively.

Of the airfields programed almost two-thirds are in a sufficiently advanced stage of construction that they can be put into use in an emergency. All of the airfields programed should be completed by the end of 1954. Similar progress has been recorded in construction of war headquarters, and while technical difficulties delayed the execution of the signals program, it is now moving forward at a rapid pace. Construction of the jet fuel storage and supply system included in the fourth slice should be on the way next summer.

(d) *Protection of United States investment.*—The United States investment in infrastructure is very rigorously protected. All programing and expenditure are subject to a NATO screening and budget control mechanism. Supreme commanders submit their requirements to the NATO standing group where they are screened from a strategic point of view to insure that they satisfy the basic military needs and also that there are no facilities included which could be deferred. The standing group forwards the screened program to the North Atlantic Council where it is further assessed to ascertain that the maximum use is made of existing civil or military facilities in each nation; to insure that the costs are the lowest possible and to inject every possible economy in the proposed program. Host nations, that is nations in which the construction is to take place, have the responsibility for execution of the program. They may not do so, however, before applying to the North Atlantic Council for specific permission to commit the funds necessary to execute any given project. To get such authorization they must submit detailed engineered cost estimates of the project which they are about to commence. Even after this screening the actions of nations are subject to an audit by an international board of auditors. Only with NATO approval may the countries commit funds to which the United States contributes.

(e) *United States contributions.*—Legislative authority for the original United States participation in infrastructure was granted by section 521 of the Mutual Security Act of 1951. Under this authority the United States made contributions to the second and third slices in the amount of \$220 million. In addition to that sum, \$140 million was made available in the military public works bill of 1952, making a total of \$360 million to be applied against a United States total expenditure of \$521 million. This figure of \$521 million includes the \$470 million net United States contribution mentioned earlier plus \$51 million which is required to augment the SHAPE standard airfields to bring them up to the USAF operational level and to provide

logistical support facilities. The \$51 million has been coupled with \$50 million of Air Force money in order to make our United States Air Force units in Europe more effective and more efficient. Subtraction of the \$360 million in available funds from the \$521 million total requirement means that there is needed an additional \$161 million for infrastructure. \$151.3 million represents the agreed United States net share of the fourth slice, as determined at the recent Paris meeting of the North Atlantic Council. This amount, together with the contributions of the other nations will provide additional airbases, signals, jet fuel supply facilities, naval fleet bases, radar, and radio navigational aids. \$29.6 million is required to complete the United States contribution to the previous slices, including \$20 million to cover price increases in the third slice. Cost estimates for that slice were fragmentary and rough when the program was originally agreed at Lisbon early in 1952 and, while the final engineered cost will not increase by 47 percent as was the case of the second slice, a total increase of about 17 percent can be anticipated.

Consequently, it is the proposal of the executive branch to utilize for NATO infrastructure approximately \$180 million of the funds to be authorized in the bill under consideration.

(f) *Future program.*—At the council meeting in December General Ridgway made a special plea for a long term, businesslike basis for the planning of infrastructure. In April the North Atlantic Council considered the problem and, in order to provide a sound basis for both military and financial planning, Secretaries Dulles, Wilson, Humphrey, and Mr. Stassen agreed, subject to legislative appropriation, to share the costs of a program to cover the years 1954–56 which could run as much as \$700 million. This will provide the basic infrastructure needed over a long-term period for the forces under General Gruenther's and Admiral McCormick's command. The United States contribution to this possible \$700 million program would be, at the maximum, \$300 million or just under 43 percent. Tax relief would reduce the United States payments to \$264 million or about 38 percent of the total. In agreeing to participate, the United States made clear that contributions are dependent on legislative action to provide the necessary funds. The United States share of this amount is not before us for consideration or action this year, but will be in later years. The agreement further stipulates that funds must be obligated by June 30, 1955, in order to qualify under the agreement. If military infrastructure requirements cannot be justified in relation to actual forces to be in being, the North Atlantic Council will, of course, not authorize expenditures from the \$700 million.

(g) *Contributions of NATO nations.*—The following table shows the contributions of the NATO nations to the infrastructure program:

Summary of infrastructure contributions and percentages by country, by slice, based on Sept. 30, 1952, cost estimates

[In millions of dollars]

Country	Slice I		Slice II		Slice III		Slice IVa		Slice IVb		Total, I-IV		Future		Grand total	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Belgium.....	12.2	13.1	16.8	5.1	30.0	6.5	11.5	5.2	9.5	5.1	81.0	6.2	35.6	5.1	116.6	5.8
Canada.....	-----	-----	14.5	4.5	25.5	5.3	13.7	6.2	13.3	7.1	67.0	5.1	49.9	7.1	116.9	5.8
Denmark.....	-----	-----	-----	-----	19.2	4.0	7.3	3.3	5.7	3.1	32.2	2.5	21.4	3.1	53.6	2.7
France.....	42.1	45.5	70.4	21.5	63.0	13.2	30.2	13.8	25.7	13.7	231.4	17.7	96.3	13.7	327.7	16.4
Greece.....	-----	-----	-----	-----	-----	-----	5.6	2.5	1.9	1.0	7.5	.6	7.0	1.0	14.5	.7
Italy.....	-----	-----	-----	-----	37.7	7.9	14.6	6.6	12.1	6.5	64.4	4.9	45.5	6.5	109.9	5.5
Luxembourg.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	2.1	.2	1.4	.2	3.5	.2
Netherlands.....	.5	.5	.6	.2	19.5	4.0	9.4	4.3	7.6	4.1	58.6	4.5	28.5	4.1	87.1	4.4
Norway.....	12.6	13.6	9.5	2.9	14.5	3.0	7.0	3.2	4.7	2.5	26.2	2.0	17.8	2.5	44.0	2.2
Portugal.....	-----	-----	-----	-----	-----	-----	-----	-----	.6	.3	.6	.1	2.2	.3	2.8	.1
Turkey.....	-----	-----	-----	-----	-----	-----	9.0	4.1	3.8	2.0	12.8	.9	14.2	2.0	27.0	1.3
United Kingdom.....	25.3	27.3	58.0	17.7	62.9	13.2	19.6	8.9	21.4	11.5	187.2	14.4	80.2	11.5	267.4	13.3
United States.....	-----	-----	157.4	48.1	204.5	42.8	91.8	41.8	80.1	42.9	1 533.8	40.9	2 300.0	42.9	3 833.8	41.6
Total.....	92.7	100.0	327.2	100.0	478.3	100.0	219.8	100.0	186.8	100.0	1,304.8	100.0	700.0	100.0	2,004.8	100.0

¹ United States net contribution (minus taxes) through slice IV is \$470, or 36 percent.

² United States net contribution (minus taxes) to future program is \$264, or 38 percent.

³ United States net contribution (minus taxes) to all infrastructure is \$734, or 37 percent.

It should be noted that in addition to the amounts shown in the table the country in which the installations are located contributes the land which in general averages in value about 10 percent of the cost of the installation and the utilities which add another 5 percent.

7. Relation of European defense expenditures to United States contribution

The United States is by no means paying the entire military bill for Europe. In fiscal year 1954 the authorization that this bill provides is \$2,079,698,870 for military equipment for Europe. Europe plans to spend during the same period \$14,930,000,000 on its own defense.

The following table gives a summary of European defense expenditures:

Defense expenditures, total European NATO plus Germany.

[United States fiscal years—Millions of dollars]

	Actual			MSA estimates	
	1950	1951	1952	1953	1954
Total.....	\$6,361	\$7,616	\$11,495	\$13,711	\$14,930
Category:					
Personnel.....	1,893	2,411	3,237	3,454	3,607
Major materiel.....	845	1,082	2,028	3,150	3,569
Construction.....	223	290	743	1,084	1,548
Operation and maintenance.....	1,931	2,226	2,997	3,482	3,749
Other ¹	1,469	1,607	2,490	2,541	2,457

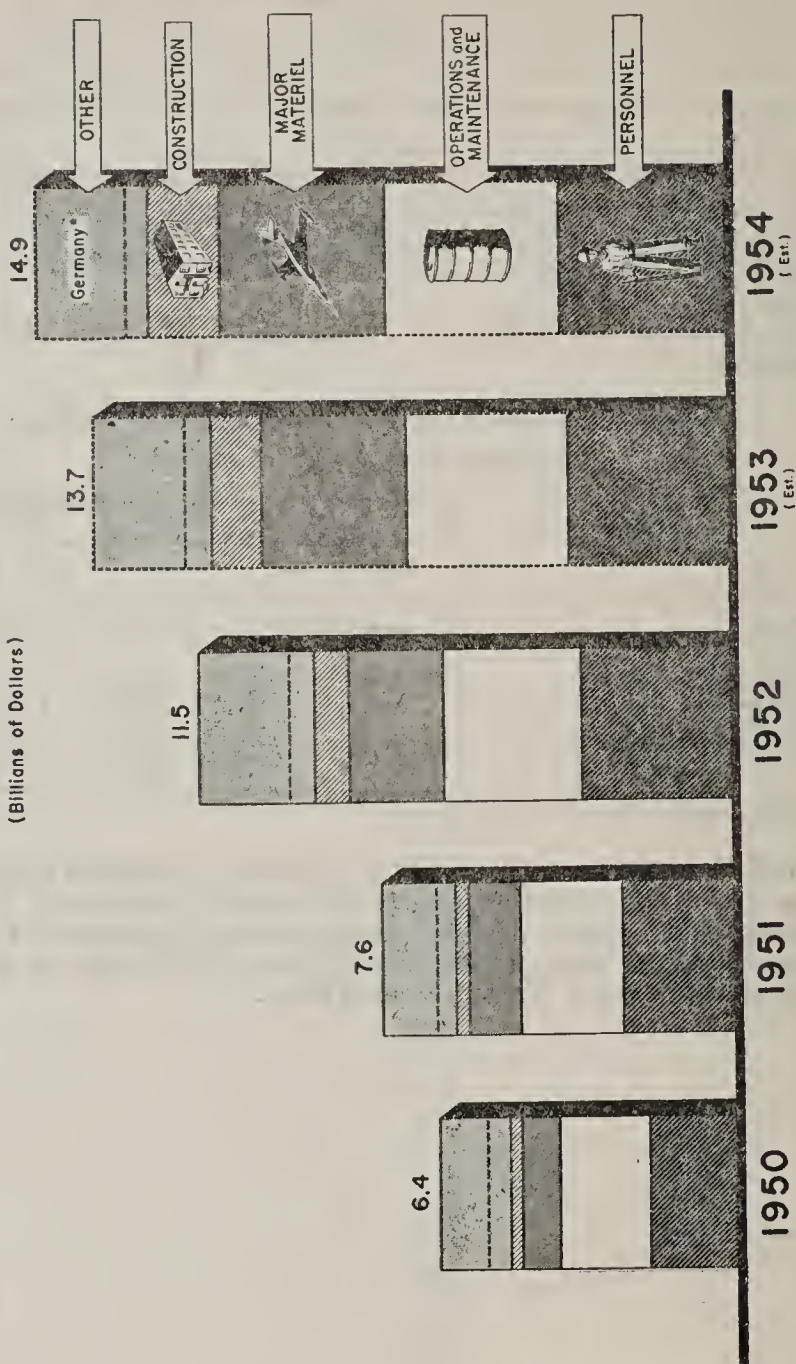
¹ Consists primarily of German occupation costs.

The following chart shows the division of the defense expenditures of the European countries divided into major categories. It should be noted that expenditures for major materiel (weapons, etc.) have received a larger share in the last 2 years, indicating an increasing ability on the part of Europe to arm itself.

TOTAL DEFENSE EXPENDITURES BY CATEGORY

EUROPEAN NATO PLUS GERMANY

(Billions of Dollars)



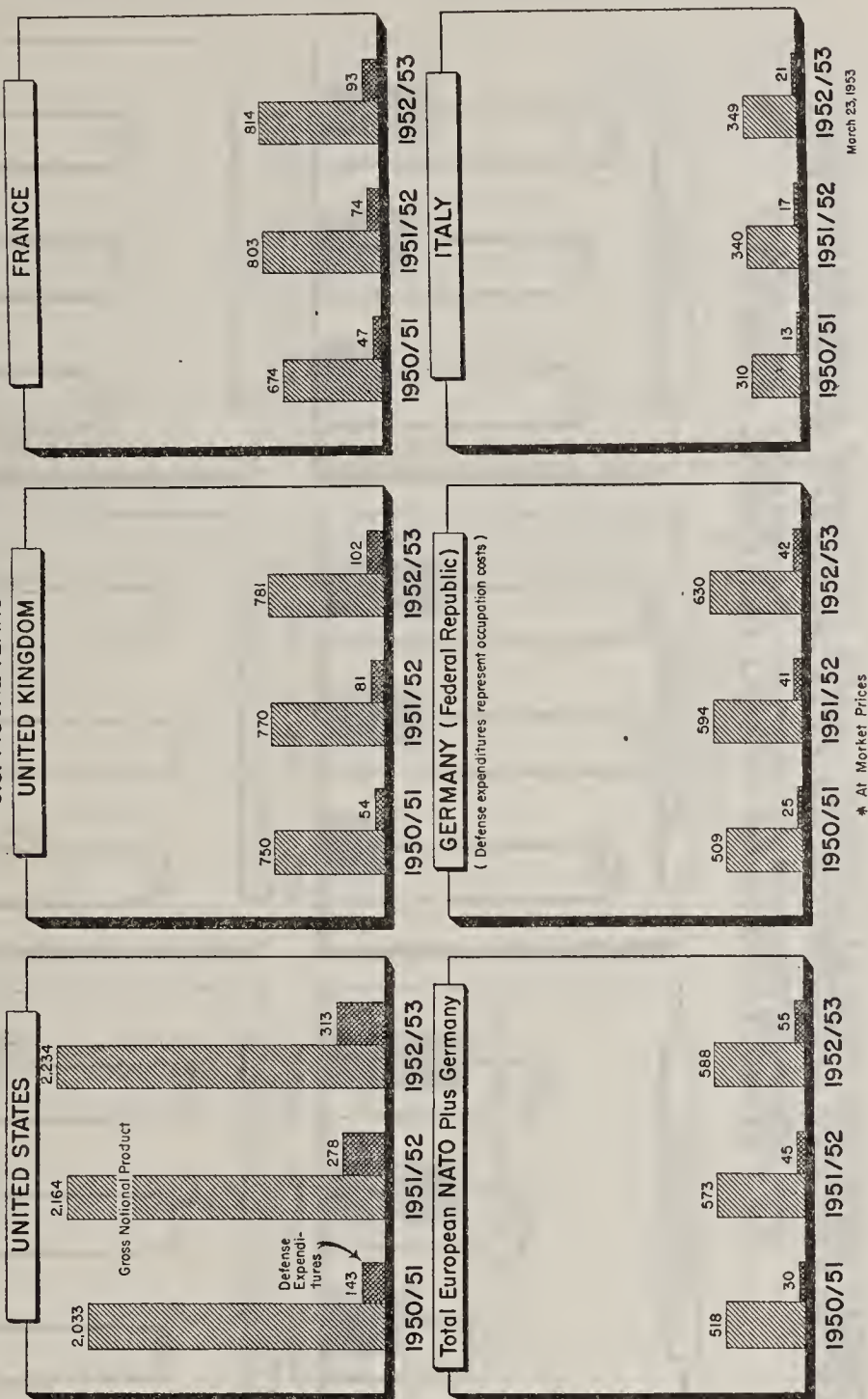
Data for U.S. Fiscal Years

* Total defense expenditures for Germany in fiscal year 1954 are estimated at \$2.8 billion, with \$1.9 billion in this category. In prior years represent operation and national costs and allied troop support.

The relation of defense expenditures to the gross national product in certain European countries is shown in the following chart:

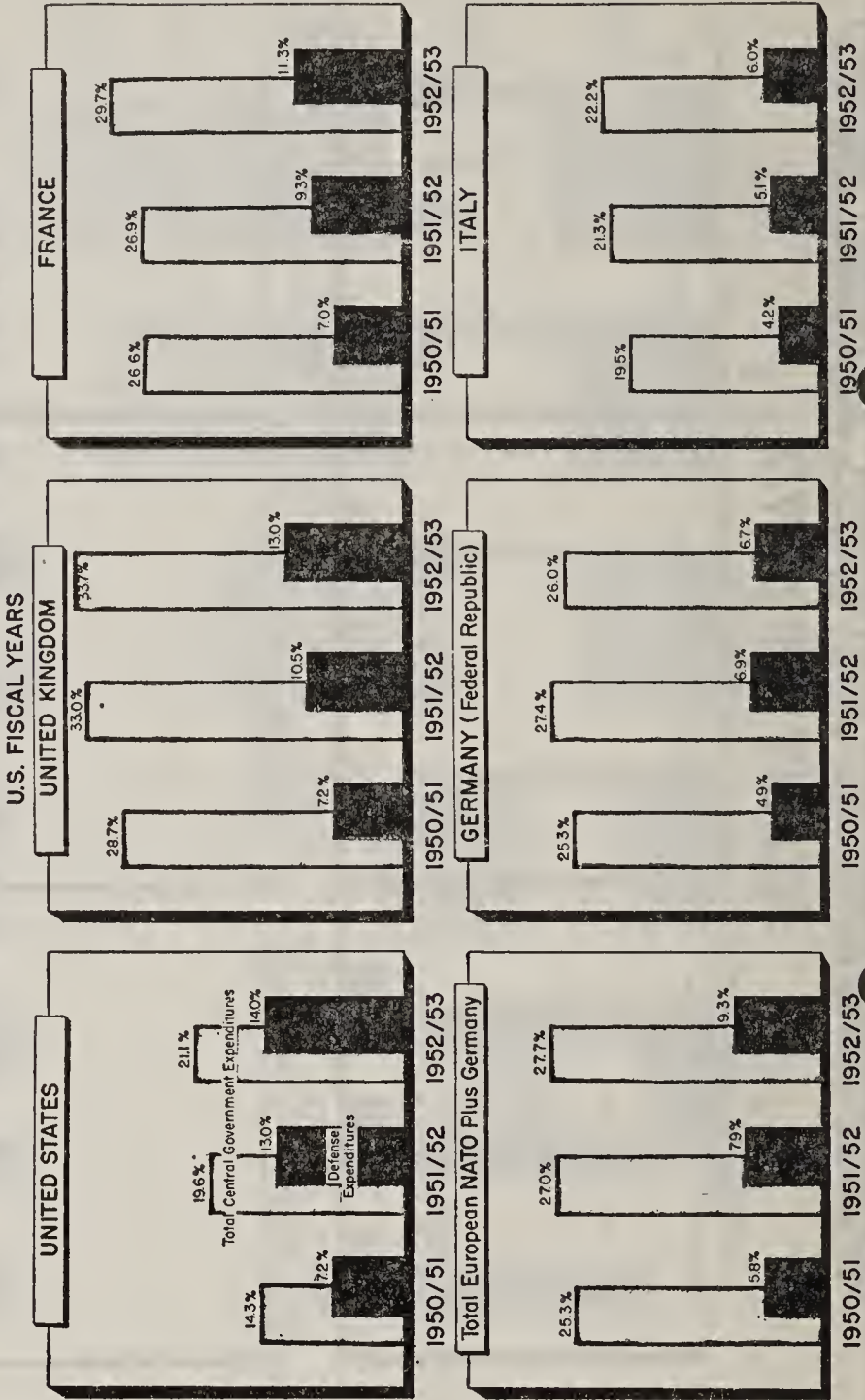
DEFENSE EXPENDITURES AND GROSS NATIONAL PRODUCT * DOLLARS PER CAPITA

U.S. FISCAL YEARS



The relationship of total budget expenditures to defense expenditures and the gross national product is indicated in the chart which follows:

TOTAL BUDGET EXPENDITURES* AND DEFENSE EXPENDITURES AS PERCENTAGES OF GROSS NATIONAL PRODUCT



The relative tax burdens of various countries participating in the defense program are set forth in the following table:

Total tax receipts as percent of gross national product

Country	Total tax receipts as a percent of GNP 1952 or 1952-53	Per capita gross national product as a percent of United States 1952-53 ¹
United States.....	26.1	100
Austria.....	33.4	20
Belgium-Luxembourg.....	28.9	37
Denmark.....	21.9	39
France.....	31.4	37
Germany.....	33.9	23
Greece.....	19.1	13
Italy.....	23.9	16
Netherlands.....	31.0	26
Norway.....	27.9	39
Portugal.....	17.2	7
Turkey.....	14.5	9
United Kingdom.....	32.7	37

¹ Ratios computed at legal rates of exchange, hence do not accurately reflect differences among countries in purchasing power.

A tabular presentation of the trend of defense expenditures of the United States and other NATO countries is as follows:

Defense expenditures—Total and percent of gross national product at market prices

[By United States fiscal years, in millions of dollars]

Country	1938 defense expendi- ture as a percent of GNP	1949-50		1950-51		1951-52		1952-53		1953-54 ¹	
		Defense expendi- tures	Percent of GNP	Defense expendi- tures	Percent of GNP	Defense expendi- tures	Percent of GNP	Defense expendi- tures	Percent of GNP	Defense expendi- tures	Percent of GNP
European Defense Community:											
Belgium-Luxembourg	2.5	158	2.5	201	2.9	355	4.6	469	6.3	510	6.8
France	7.3	1,478	5.9	2,041	7.0	3,220	9.3	4,007	11.2	4,050	11.1
Germany (Federal Republic) ²	15.8	1,036	5.1	1,190	4.9	1,992	6.9	1,952	6.4	2,800	8.6
Italy (including Trieste)	6.0	1,520	4.0	613	4.2	808	5.1	1,962	5.8	2,975	5.7
Netherlands	2.3	231	4.7	228	4.2	310	5.3	373	6.2	450	7.3
Tot. 1. EDC	-----	3,403	4.9	4,273	5.3	6,685	7.2	7,763	8.1	8,785	8.8
United Kingdom and northern European countries:											
Denmark	0.9	53	1.8	56	1.7	88	2.4	131	3.5	170	4.5
Norway	0.9	50	2.4	67	2.7	96	3.4	142	5.0	160	5.5
United Kingdom	6.5	2,449	6.9	2,752	7.2	4,094	9.8	5,107	12.0	5,200	12.0
Southern European countries:											
Greece	5.5	124	6.8	172	8.0	204	8.7	206	8.5	215	8.4
Portugal	3.7	46	3.6	49	3.6	50	3.5	71	5.0	75	5.0
Turkey ³	6.9	236	7.4	247	6.7	278	6.8	291	6.5	325	6.7
Total, NATO											
Total, NATO	5.8	5,325	5.6	6,426	6.0	9,503	7.9	11,759	9.6	12,120	9.6
Total, NATO plus Germany	9.3	6,361	5.5	7,616	5.8	11,495	7.7	13,711	8.9	14,950	9.4
Austria ⁴	2.2	28	1.5	21	0.9	21	0.7	23	0.7	23	0.7
Yugoslavia	(⁵)	(⁵)	(⁵)	(⁵)	(⁵)	624	16.7	600	18.2	600	15.3
Total, 15 countries											
Total, 15 countries	(⁵)	(⁵)	(⁵)	(⁵)	(⁵)	12,140	7.8	14,334	8.9	15,553	9.3
Canada	0.7	441	2.6	763	4.0	1,643	7.8	2,000	8.7	(⁵)	(⁵)
United States	1.2	12,808	4.7	21,947	7.2	43,375	13.0	\$ 49,000	13.9	\$ 51,000	14.0

NOTE. Precise comparisons of the levels of defense expenditure between the European countries and the United States are not possible. The conversion into dollars has been made on the basis of official foreign exchange rates, and the purchasing power of the dollar is appreciably higher in most European countries than in the United States. Intra-European comparisons of the converted dollar figures are subject to similar limitations. Adjustments to make the figures truly comparable cannot now be made.

¹ MSA estimate.
² Germany: 1938 is for prewar Reich (boundaries as of 1936). Fiscal year 1950 through fiscal year 1954 represents mostly occupation cost.
³ Turkey: MSA estimates for all years.
⁴ Austria: Postwar data represent occupation cost and security police. Prewar figure is for 1937.
⁵ Not available.
⁶ United States: Preliminary and tentative estimates subject to change as departmental programs are officially submitted to the Congress.

8. *Standardization of weapons*

The committee recognizes that the problems of attaining standardization of weapons among the nations cooperating in the defense against Soviet aggression are complex and that necessary adjustments take a long time. The United States should, however, insist, insofar as may be practicable, that weapons be standardized.

9. *Supervision of use of United States military equipment*

The committee gave consideration to the matter of making sure that United States military equipment supplied to a nation might not find its way into enemy hands, either by the outright defection of the nation or by the relaxing by a recipient nation of its supervision and control over such equipment. Under existing law (sec. 402, Mutual Defense Assistance Act of 1949, as amended, Public Law 329, 81st Cong.) the President is required, before giving aid, to secure agreements from the recipient country which make appropriate provision for:

(a) The use of any assistance furnished under this Act in furtherance of the policies and purposes of this Act;

(b) Restriction against transfer of title to or possession of any equipment * * * furnished under this Act * * *.

(c) The security of any article * * * furnished under this Act.

In each country receiving assistance under the Mutual Defense Assistance Act, the United States maintains a military assistance advisory group staffed largely by members of the United States Armed Forces. This group has among its duties the supervision of use of United States military equipment after its delivery.

The committee urges the necessity of close control and constant vigilance to insure that such equipment is not permitted to fall into enemy hands.

B. NEAR EAST AND AFRICA

Before recommending an authorization of \$305,212,637 for military assistance to the Near East and Africa the committee had the privilege of hearing in executive session a firsthand report on that area by Secretary of State Dulles and the Director for Mutual Security, Hon. Harold E. Stassen. They had returned from a trip throughout the Middle East during which they engaged in conversations with many government leaders. While the content of their testimony cannot be disclosed, it was persuasive in convincing the committee that this is a critical arena in the struggle against communism and that it is to the interests of ourselves and other nations in the free world that there be no lessening of efforts to strengthen indigenous military forces.

The sum contained in this bill is equal to the unobligated balance as of April 30, 1953. Thus, about \$500 to \$600 million will be available next year for furthering the defense efforts in the Near East.

The authorization recommended in this bill will permit a continuation of military assistance to Greece, Turkey, and Iran. The administration has under active consideration plans that will support the establishment of a Middle East Defense Organization. In the committee's opinion these have not yet reached a degree of maturity that warrants the authorization of funds. Hence the committee reduced the appropriation request by \$100 million. Should developments in the Near East warrant an adjustment of military

assistance, there is sufficient flexibility in the present law to enable the executive branch to make the necessary transfer of money. Section 202 of the Mutual Security Act permits a 10 percent transfer of money made available for Greece, Turkey, and Iran to any other country of the Near East. Section 513 (a) of the same act allows a transfer of funds from military assistance made available for other areas. Finally, section 513 (b) allows the President to allocate not more than \$20 million to any country should he determine "that such use is important to the security of the United States."

C. ASIA AND THE PACIFIC

1. *The considerations*

While military assistance for other areas is given to forestall a possible Communist attack, the Far East is already under attack. The conflict in Korea does not obscure the mounting pressure of the Chinese Communist regime upon the free countries. The sum contained in this bill, \$1,081,620,493, for the area is about twice that voted by the Congress last year for Asia and the Pacific. The committee examined the military progress of each of the countries and the proposed programs for next year. The political consequences of our military assistance in the Far East were discussed by the Assistant Secretary of State for Far Eastern Affairs, Hon. Walter S. Robertson. Although he has only recently assumed office, his knowledge of the area and its problems extends back many years. On the military side the committee had a lengthy executive session with Adm. Arthur W. Radford, Commander in Chief, Pacific Fleet, and Chairman-designate of the Joint Chiefs of Staff. His present position has given him an unusual understanding of current developments in that area. He was examined on the direction and content of our military assistance. At the conclusion of his testimony he stated emphatically that—

* * * the program in Formosa, the Philippines, Indochina, and Thailand, the military programs * * * and the economic programs in all that area are absolutely essential in the long run to the security of the United States.

An armistice in Korea would have no effect, to my mind, in lessening the need for these programs (hearings, p. 846).

2. *Japanese defense forces*

Destruction of Japanese military power has created a defense vacuum on the periphery of the Communist world. In restraining Soviet aggression Japan occupies a position analogous to that of Germany in Europe. Its ability to defend itself is a matter of paramount concern. The Japanese constitution prohibits creation of an army, navy, or air force, but does not prohibit a home guard or police force. Steps are under way to strengthen the Japanese safety forces. This bill contains a sum that would assist the Japanese to accomplish that purpose. The committee examined this program with particular care, including the type of equipment planned. Before any United States military equipment is given Japan, it will be necessary for that country to enter into an agreement with the United States. This agreement will contain the usual safeguards on the use of equipment. Such assistance as is rendered to Japan will be entirely consistent with the purpose of the Mutual Security Act.

D. LATIN AMERICA

The bill authorizes a continuation of military assistance to Latin America in the amount of \$15 million for fiscal year 1954 which is \$36,685,750 less than the amount appropriated for fiscal year 1953.

1. Conditions and assurances

The funds are made available under section 401 of the Mutual Security Act, which provides that the assistance may be furnished only in accordance with defense plans found by the President to require the recipient country to participate in missions important to the defense of the Western Hemisphere. As in the case of military assistance to other areas, military grant aid to Latin America is subject to agreements required by section 402 of the Mutual Defense Assistance Act and sections 511 and 524 of the Mutual Security Act, setting forth conditions of aid and arrangements for return of equipment.

2. Political importance

The importance of military aid to our Western Hemisphere partners was stressed by Hon. John M. Cabot, Assistant Secretary of State for Inter-American Affairs, in his testimony before the committee:

Under bilateral agreements, Latin American countries participating in the program have agreed to prepare units of their armed forces for specific hemisphere defense missions. They are contributing money, manpower, and equipment for the creation of these units, and we in turn are providing them with training and equipment to meet their deficiencies. By agreeing to prepare these units, the other countries believe—and rightly so—that they have made an important new commitment to the United States. In fact, Communist and extreme nationalist elements in Latin American have charged that the local governments have committed themselves too far, that they have entered into agreements which are not really reciprocal at all, but consist mainly of unilateral concessions to the United States. Latin American governments have found it difficult to persuade even non-Communist elements that the agreements are two-sided, that they provide for a significant contribution of assistance by the United States. Failure to appropriate money for the program this year would very likely play into the hands of these Communists and extreme nationalists, who would charge the United States with lack of interest in the program. Moreover, our failure to appropriate funds for the program might cause the governments themselves to wonder whether we have a genuine interest in continuing the program. In my opinion, we cannot afford, in the case of this particular program, to lay ourselves open to charges of neglect, which our Latin American friends have on past occasions—and sometimes for good reasons—levied against us. In particular, we must always be prepared to meet any Communist threat in the area, whatever form and direction it might take (hearings, p. 1081).

3. Military importance

There is a great disparity between the willingness of the Latin American countries to participate in the defense of the hemisphere and their ability to do so. This accounts for the small sum authorized for this important area. They are, however, strengthening their own military establishments. Under the authority contained in the Mutual Security Acts of 1951 and 1952, the Congress provided in fiscal years 1952 and 1953 approximately \$89 million for military materiel and training for those American Republics which would undertake to prepare units of their armed forces to carry out agreed military missions important to the defense of the hemisphere. The performance of these missions by Latin American countries in time of war would be of practical military value. They are related to the

protection of inter-American lines of communication and the defense of strategic areas of the hemisphere against attack. In this small but important program which is now being conducted, we are providing the other countries with the types of training and defensive armament which they need, and which they have agreed to use for carrying out agreed defense missions. The funds authorized are to be used to help maintain in operable condition the equipment which has already been delivered, or which is in process of delivery under the program, and to make up some of the remaining equipment deficiencies.

4. *Agreements concluded*

Bilateral military assistance agreements have been concluded with Brazil, Chile, Colombia, Cuba, the Dominican Republic, Ecuador, Peru, and Uruguay. Shipments of equipment have already been made to those countries with which the agreements are in full effect—Chile, Colombia, Cuba, Ecuador, and Peru. The agreements with Brazil, the Dominican Republic, and Uruguay have just recently been approved by those countries.

CHAPTER II—MUTUAL DEFENSE FINANCING

	Fiscal year 1953 appro- priation	Fiscal year 1954 com- mittee bill
Ch. II. Mutual defense financing:		
A. Defense support and economic aid in Europe.....	\$1, 402, 133, 000	\$200, 000, 000
B. Defense support in Formosa and Indochina.....	171, 250, 000	84, 000, 000
C. French NATO military production.....		100, 000, 000
D. British NATO aircraft production.....		100, 000, 000
E. Equipment and support of forces in Indochina.....		400, 000, 000
Total, ch. II.....	1, 573, 383, 000	884, 000, 000

A. DEFENSE SUPPORT (SEC. 201 (A))

1. *Europe*

The committee reduced the authorization requested for European defense support by \$100 million. Although the bill does not allocate the \$200 million authorized to individual countries, the justification for the original request of \$300 million for this purpose included \$100 million for the United Kingdom. The authorization was reduced to eliminate that amount in view of the fact that the economic situation of the United Kingdom has improved sufficiently in recent months to permit a reduction of taxation.

In addition to the United Kingdom the program proposed by the executive branch provided defense support to individual countries as follows:

Austria.....	\$20, 000, 000
Germany.....	15, 000, 000
Greece.....	20, 000, 000
Italy.....	20, 000, 000
Spain.....	10, 000, 000
Turkey.....	50, 000, 000
Yugoslavia.....	45, 000, 000
Undistributed.....	20, 000, 000

Austria requires economic assistance because nearly one-third of the country is occupied by Soviet forces under conditions which prevent

Austria from getting on its feet economically. It is essential that the United States continue to support the Government of Austria so that Austria can continue to exist.

The funds planned for Germany are only to aid in the care of refugees entering Berlin. The German economy is now on a self-supporting basis.

The remaining defense support funds go entirely to countries carrying on substantial military programs which overstrain their economies. If limited defense support is not given, they will have to cut back their military programs in order to maintain themselves.

2. Spain

Unexpended balances from previous authorizations for Spain are carried over by this bill, and a share of both military and defense support funds authorized is available to Spain.

The administration has shown a continued interest in closer collaboration with Spain in order that the strength of the non-Communist world may be increased. The committee welcomes these efforts and expresses the hope that they will soon culminate in agreements mutually beneficial to the United States, Spain, and our European allies.

3. Formosa

For defense support, economic, and technical assistance to the National Government of the Republic of China (Formosa) and the Associated States of Cambodia, Laos, and Vietnam, the committee recommends an authorization of \$84 million.

A primary objective of the United States in Formosa is to help strengthen the defenses of the island, in order to prevent it from falling into Communist hands and being used by them as a base for further hostile action in the Pacific. In order to accomplish this objective, the United States is helping strengthen the capabilities of the land, air, and naval forces of the National Government of the Republic of China, through the provision of substantial quantities of military material and an extensive training program. Unfortunately deliveries in many essential items are as much as a year and a half behind schedule.

A closely related objective, and essential to the strengthening of military capabilities, is to bolster the island's economy. The support since 1949 of a sizable military establishment and a population swollen by a million civilian immigrants from the China mainland, has placed a severe strain on Formosa's productive facilities and financial resources. Military costs constitute 85 percent of the national budget and nearly 50 percent of consolidated national, provincial, and local government budgets.

A third primary objective is to improve Formosa's capacity for self-support, pointing toward the reduction or termination of economic aid through planned development. Improvement and expansion of industry would have the added advantages of stimulating Chinese ability to mobilize local capital and secure outside investment, and helping absorb refugees from the mainland into productive occupations and provide employment for the steadily increasing indigenous population.

In order to work toward the accomplishment of these objectives, the economic aid program for Formosa contains four major elements: (1) Economic support to the United States military assistance program; (2) an approach to economic stability from the standpoint of both internal and external finances; (3) provision of technical and material assistance to help the rural population improve its tenure status and maintain reasonable standards of living; and (4) increased capacity for self-support through rehabilitation and further development of basic utilities and manufacturing industries.

Direct support will be furnished to the United States military assistance program through the financing of common use imports directly required by the Armed Forces, such as petroleum, uniform and bedding materials, food for troops, construction materials, hospital equipment etc. Likewise, local costs connected with these items will be financed from counterpart funds. In addition, the strengthening of transport and power systems, assistance in maintaining livable economic conditions throughout the rural areas, and the contribution of our program to economic stabilization are basic to the success of the military assistance effort.

In order to stabilize prices and maintain near-capacity production, it will be necessary to continue to help finance the importation of vitally needed commodities, such as fertilizers, raw cotton, bread grains, iron and steel, machinery, fats and oils, chemicals, etc. With the proceeds of sale of these commodities, local costs of agricultural and industrial projects in the program are met, and counterpart support is provided for other approved projects.

The proposed program will continue to support and work through the Joint Commission on Rural Reconstruction (JCRR) to help improve the lot of Formosan farmers, who with their families comprise nearly 60 percent of the population. Benefits from this program include enforcement of land tenure reform, distribution of improved seeds, control of animal diseases and crop insects, breeding of livestock, irrigation, rural health facilities, and strengthening of local farmers' associations.

Projects directed toward increasing the capacity of Formosa for self-support through increased agricultural and industrial production will include importation of industrial raw materials and fertilizer; exploration and development of minerals such as coal and copper; expansion of facilities for manufacturing chemical fertilizers; and supplies, equipment, and technical assistance for maintenance and expansion of power, highways, and railway facilities.

As a result of the Mutual Security Program in Formosa, thus far, numerous important accomplishments have been achieved. Arrivals of United States financed commodities have been a major influence in resisting inflationary pressures. In production, United States financed fertilizer imports have been a major factor in the rise of rice production to an alltime peak of 1.6 million tons in 1952. Agricultural yields show spectacular increases over 1945 and in general exceed prewar peaks. Industrial production levels are generally higher than the Japanese prewar peaks. Offsetting these aggregate production gains, however, is the decrease on a per capita basis attributable to the influx of mainland refugees and military personnel since the fall of the mainland to the Communists.

4. *Indochina*

For 6 years the French Union forces and those of the Associated States have been engaged in a bloody struggle against the Communist Viet Minh forces backed by military support from Red China. Despite all efforts of the non-Communist forces, entailing heavy losses of commissioned and noncommissioned officers and heavy commitments of military materiel this conflict has recently taken a turn for the worse with the Communist invasion of Laos. The economic and technical assistance program provides important support to the military effort against the Viet Minh. Improvements made in transportation and other basic facilities provide direct support and assistance in increasing the effectiveness of Government services and the local production of goods provide indirect support of the military effort.

To meet both military and civilian needs a major portion of total program expenditures is devoted to the rehabilitation of highways and reconstruction of bridges, development of water transportation and port facilities, and the establishment of a reliable communication system. Through direct relief and various public health and agricultural projects, substantial assistance is being extended for the rehabilitation and resettlement of war refugees. Efforts to increase popular support for the non-Communist governments are exemplified by programs designed to have a wide impact on the population. For example, in the 1,600 rural dispensaries which have been established, over 230,000 people are treated per month.

Program projects designed specifically to increase production include the repair and extension of irrigation facilities, cereal crop improvement, the distribution of fertilizers, equipment, and training in handicrafts. In addition, substantial quantities of industrial equipment, raw materials, and supplies have been provided. The sale proceeds from these commodities in turn provide the local currency required for the implementation of United States supported projects which cannot be provided from the local governments' budgets.

In its report on Indochina the evaluation team of non-Government experts made this observation about our program:

We feel that in general the [economic] effort has yielded beneficial results, especially when consideration is taken of the obstacles which it [the United States mission] has faced and the amount of resources at its disposal.

B. SPECIAL DEFENSE FINANCING (SECS. 201 (B) AND (C))

1. *France (sec. 201 (b))*

In addition to defense support, there is an authorization of \$100 million to France for the manufacture of artillery, ammunition, and semiautomatic weapons for the defense of the North Atlantic area. France has the largest military forces on the western European Continent and is fighting a costly war in Indochina. France has facilities to produce military equipment. The French budget is so overstrained, however, that this capacity would not be used if the money available from the Government of France could not be supplemented by United States funds. This arrangement differs from offshore procurement in that the United States does not procure or contract for the military equipment. The French Government does the procurement under its normal procedures. The arrangement differs from

ordinary defense support in that the grant of United States funds is tied directly to specified items of military equipment.

2. United Kingdom (sec. 201 (b))

A comparable authorization is included for \$100 million for the manufacture of military aircraft in the United Kingdom. The United Kingdom is financing the largest defense program of any of the European NATO countries. It has extensive manufacturing facilities and its planes are of the best quality. If the United States is willing to put \$100 million into British plane production, there will be \$100 million worth of planes that otherwise would not be produced. This program has the same status as the French program described above as regard offshore procurement and defense support.

3. Indochina (sec. 201 (c))

Section 201 (c) of the bill authorizes \$400 million for the procurement of military equipment, materials and services for the support of the three Associated States of Cambodia, Laos and Vietnam and the forces of France located in those States in their anti-Communist struggle. The greater part of the cost of this war has thus far been borne by France. However, in an effort to insure the defeat of the Communists, to pacify the area, and to speed the transfer of trained French forces to Europe for the defense of the NATO countries, the United States on a high-priority basis has been providing the non-Communist forces with large quantities of military materiel, such as aircraft, tanks, and ammunition. Since the budgets of France and the Associated States are incapable of bearing the full cost of the military buildup that is required to do the job, it is essential that the scale of United States military assistance be increased in order to assure the success of the resistance against increased Communist pressures.

The three Associated States within the French Union, though to a degree independent, are tied closely to France by treaties and agreements. Also, the three states and France are linked together by quadripartite agreements as regards such things as customs and money. There is a common customs tariff for the three states, and they also use the same money. Vietnam is a rather centralized state. Bao Dai appoints the government. He appoints the three Governors of North, Central, and South Vietnam. There is no legislature. Laos has a parliamentary body which functions normally. Laos has elections for the Parliament and operates under a regular parliamentary system. Cambodia had a Parliament, but it was temporarily dissolved by the King. The people of these countries are conscious of being distinct from each other and three separate political entities. The development of the Associated States has been hampered by constant hostilities, ranging from guerrilla and terroristic activities to large-scale military operations throughout the entire area, but particularly in Vietnam and, more recently, in Laos.

The unrest and failure to develop a strong governmental control over the area is contributed to by the fact that large segments of the population, particularly in Vietnam, do not fully support the local government because they do not have the necessary confidence in its ultimate victory, nor in the ultimate willingness of the French to accord ultimate independence for the area. In their drive to take over Indochina, the Viet Minh have appealed to the fervent nationalism of the

people of the entire region, while the French have persisted in attempting to retain a degree of control which is resented by the people who feel that they have not had adequate, firm, and unequivocal assurance of their ultimate independence. The testimony before the committee indicates that until the peoples of the Associated States are assured of receiving their ultimate independence, success in driving out the Communist invaders will be difficult, if not impossible, to achieve.

Without minimizing the gallant struggle of the French and the huge cost in money and men, it is the hope of the committee that more aid will go directly to the forces of the three Associated States rather than funneling all the aid through the French, and that the training of the Vietnamese will be intensified so that the peoples of Indochina will be better able to advance toward the attainment of freedom and independence.

CHAPTER III—MUTUAL SPECIAL WEAPONS PLANNING (SEC. 301)

An authorization is provided in this chapter for \$100 million for the purpose of furnishing special weapons to our allies. The original request was for \$250 million for this purpose. The information available to the committee indicated that it would be at least 2 months before the survey on which this program is to be based will be completed and that there are few projects as yet sufficiently advanced to demonstrate that a sum of a quarter of a billion dollars will be necessary.

This authorization provides for a nontransferable fund for furnishing special weapons (but not atomic energy weapons) to nations eligible to receive military assistance to NATO or to the European Defense Community. These funds will be used to finance the production of such special weapons as the President may determine (as a result of special weapons studies, such as that currently under way by SHAPE) should, in the security interest of the United States, be furnished to our allies. For example, the United States may wish to produce for NATO a superior guided missile which may be invented by a NATO country. The President must make another determination, before any weapons are transferred, that such transfer will be in the interest of the United States, will further the purpose of the Mutual Defense Assistance Act, and that the recipient can safeguard the security of the weapons.

CHAPTER IV—TECHNICAL ASSISTANCE (SEC. 401)

A. BACKGROUND

	Fiscal year 1953 appropriations	Fiscal year 1954 committee bill
Ch. IV. Technical assistance:		
A. The Near East and Africa.....	\$50,823,000	\$43,792,500
B. Asia and the Pacific.....	94,243,000	72,100,000
C. American Republics.....	20,329,000	24,342,000
Total, ch. IV.....	165,395,000	140,234,500

The committee recommends an authorization of \$140,234,500 for technical assistance programs in the Near East, south and southeast Asia, the Western Hemisphere, and the dependent overseas territories in the Far East and in the Western Hemisphere.

The idea of sharing our technical skills with peoples in the underdeveloped areas has caught the imagination of the American people. During the course of World War II the predecessor organization of the present Institute of Inter-American Affairs developed.

The China Aid Act of 1948 established the Joint Commission on Rural Reconstruction in China, which, while too late to become fully effective on the Chinese mainland, has developed on Formosa a remarkably successful pattern of technical assistance in achieving land tenure reform, improved agricultural methods, irrigation, health, and sanitation, and increased industrial production.

The United States Information and Educational Exchange Act, passed in the 80th Congress, stressed the exchange of technical experts. This became the basis of the fourth point in President Truman's inaugural address in 1949. The Act for International Development, passed by the 81st Congress, implemented this concept into a coordinated effort for the underdeveloped countries. The Mutual Security Agency, successor to the Economic Cooperation Administration, is engaged in similar work in several of the Far East countries in an endeavor to strengthen countries in the general area of China.

Technical assistance programs are directed at fundamental economic and social problems through projects that impart American know-how and technology. The projects planned for next year are primarily a continuation and expansion of those already initiated. The recipient countries are expected to continue sharing the cost of the supplies, equipment, and local facilities required to support the operations. Major stress will be placed on helping the governments and people to help themselves and on building up a body of local skills so that future development can be carried independently.

B. THE 1954 PROGRAM

The technical assistance program applies to areas with very low standards of living, not remotely comparable with our own. It is a vital element in encouraging the free peoples of the underdeveloped areas.

The following tables give a breakdown of the major fields of activities for which obligations have been planned for the next fiscal year.

1. *Near East and Africa* (administered by Technical Cooperation Administration):

1. Agriculture, forestry, and fisheries.....	\$12, 356, 000
2. Health and sanitation (including housing, social welfare and vital statistics).....	7, 238, 000
3. Education.....	5, 268, 000
4. Natural resources.....	5, 624, 000
5. Industry, trade, and labor.....	2, 629, 000
6. Transportation and communications.....	1, 396, 000
7. Public administration (including public finance, census, and weather).....	1, 230, 000
8. General projects ¹	7, 191, 000
9. Domestic program costs ²	860, 000
Total obligations.....	43, 792, 000

¹ General projects include country programs that cover several fields of activity. The Egyptian Province Development Program, at an estimated cost of \$5,025,000, includes land reclamation, farm credit, the establishment of rural schools, education in health sanitation, the organization of village crafts industries, and the establishment of sanitary water-supply services.

² "Domestic program costs" is a cost element different from that previously used by the Technical Cooperation Administration. It will include expenses incurred by participating agencies (e. g., Agriculture, Interior, etc.) as a result of their handling TCA trainees or providing technical support for the field technicians.

2. (a) *Asia and Pacific* (administered by Technical Cooperation Administration):

1. Agriculture, forestry, and fisheries	\$12, 931, 000
2. Health and sanitation (including housing, social welfare, and vital statistics)	2, 845, 800
3. Education	8, 250, 000
4. Natural resources	4, 674, 200
5. Industry, trade, and labor	4, 267, 000
6. Transportation and communications	1, 004, 000
7. Public administration (including public finance, census, and weather)	160, 000
8. General projects ³	14, 283, 000
9. Domestic program cost ²	685, 000
Total obligations	49, 100, 000

² "Domestic program costs" is a cost element different from that previously used by the Technical Cooperation Administration. It will include expenses incurred by participating agencies (e. g., Agriculture, Interior, etc.) as a result of their handling TCA trainees or providing technical support for the field technicians.

³ General projects include country programs that cover several fields of activity. In India the term refers to the Community Development Programs (\$8,763,000), designed to increase agricultural productivity, improving health and sanitation, increasing basic and vocational education, and developing village industry. This is carried on in selected villages. In Pakistan the term refers to a similar program (\$4,820,000).

(b) *Philippines and Thailand* (administered by Mutual Security Agency):

1. Public health	\$3, 350, 000
2. Agriculture, forestry, fisheries	7, 955, 000
3. Transportation, power, other public works	5, 090, 000
4. Manufacturing, mining, other industry	1, 740, 000
5. Education	2, 650, 000
6. Public administration	1, 215, 000
Total obligation	22, 000, 000

(c) *Dependent Overseas Territories in Far East* (administered by Mutual Security Agency):

For projects contributing jointly to the economic development and defense of Malaya

3. *American Republics and non-self-governing territories in Western Hemisphere* (administered by Technical Cooperation Administration through the Institute of Inter-American Affairs):

Agriculture, forestry, and fisheries	\$8, 360, 400
Health and sanitation (including housing, social welfare and vital statistics)	6, 288, 900
Education	3, 265, 200
Natural resources	1, 044, 800
Industry, trade, and labor	2, 004, 400
Transportation and communications	1, 051, 000
Public administration (including public finance, census, weather)	1, 145, 000
General projects ⁴	212, 300
Domestic-program cost ²	970, 000
Total obligations	24, 342, 000

² "Domestic program costs" is a cost element different from that previously used by the Technical Cooperation Administration. It will include expenses incurred by participating agencies (e. g., Agriculture, Interior, etc.) as a result of their handling TCA trainees or providing technical support for the field technicians.

⁴ General projects include a regional information program and technical assistance to the Brazilian Economic Development Bank.

Like many other great American ideas, technical assistance has had its growing pains. It still has some of them. Overenthusiastic zealots, both in and out of Government, have on occasion encouraged other countries to expect too much. Many of the programs have had

too many administrators and insufficient technicians. Planning and programing, at home and abroad, has preempted too much time and talent. Developments in the field have not always been up to expectations. We believe, however, that many of the mistakes and extravaganees are being corrected. The difficulties of securing and rapidly training expert personnel are being realized. The basic concept behind the Technical Assistance Program is not to give other peoples the products of American technical skills but to teach them the skills so that they can produce for themselves. We believe this concept is sound and should be continued.

CHAPTER V—SPECIAL REGIONAL ECONOMIC ASSISTANCE

	Fiscal year 1953 appropriations	Fiscal year 1954 committee bill
Ch. V. Special regional economic assistance:		
A. The Near East and Africa.....	\$130, 291, 000	\$194, 000, 000
B. India and Pakistan.....		94, 400, 000
Total, ch. V.....	130, 291, 000	288, 400, 000

A. NEAR EAST AND AFRICA (SEC. 501)

The sum recommended for special regional economic assistance in the Near East and Africa is \$194 million. It comprises 3 major parts: (1) \$140 million for the Arab States, Israel, and Iran; (2) \$30 million for United Nations Relief and Works Agency (UNRWA); and (3) \$24 million for technical assistance and development in African dependent overseas territories.

1. Purpose

Special economic-aid programs are required to help the countries of the region to help themselves and to help one another in accelerating development possibilities where other funds are not available to enable basic development of the local resources to take place. They will be directed to fields where private or public investment funds are not otherwise available, such as projects for water storage, power, irrigation, transport, and the like. In addition, funds are required for general economic support to prevent privation and accompanying political unrest. Emphasis in the expenditure of such funds must be directed to benefit those countries which do not have sufficient other resources for their development. These funds would be used in cooperation with contributions by other nations directly or through the United Nations and with loans and other projects undertaken by the International Bank for Reconstruction and Development or by the Export-Import Bank or other governmental or private institutions. They would not be competitive with, but supplementary to, the resources of these institutions.

2. Israel

Funds for economic assistance will be used to assist Israel to find homes and useful work for its people, and to provide for modest capital development for the purpose of helping Israel to move toward establishing a self-sustaining economy. The content of the program will be the same as it has been for the two previous years.

3. Egypt

Special assistance will also be directed toward Egypt, a leader among countries of the Arab world. In this country there has emerged a new Government which has already made significant strides toward better understanding with the West and has shown a determination to improve the lot of its impoverished people. If this Government is to survive, it must find some means to relieve the social and economic problems arising from acute overpopulation and restricted cultivated land. Even with full utilization of the funds otherwise available, Egypt will be unable to develop the great potential water resources of the Nile River without assistance.

4. Other countries

In addition to providing essential support for Egypt and Israel, provision is made for increasing the agricultural potential and transportation facilities for the other countries in the region. This would include the development and greater utilization of the water resources of the Nile, Euphrates, Jordan, Litani, and other rivers in terms of water storage, power, irrigation, and reclamation projects. It would entail road construction projects to transport materials, particularly agricultural commodities, and assist in the exploitation of the region's mineral resources. It will also make possible a significant contribution toward an integrated and coordinated air transport system.

5. Arab refugees

The United States Government has supported since 1949 special programs of assistance to the refugees from Palestine following the conflict between Israel and the Arab States. The vast majority of these former residents of Palestine have not received compensation for the loss of their homes and properties and it has not been possible for them to find means to support themselves in the neighboring countries which are now sheltering them. In view of their numbers, approximately 860,000 now registered on the rolls of the United Nations Relief and Works Agency for Palestine refugees, these people represent the most important single element of economic dislocation in the Near East, and their plight is a political factor of first importance. Contributions to the U. N. fund have been made in prior years by the United States, and the United States has supported in the General Assembly a program of \$250 million for relief and rehabilitation. Funds available to the UNRWA at the present time are believed adequate to carry out the program of relief for fiscal year 1954 and to conduct various projects designed to enable refugees to become self-supporting. Projects in sight, however, will not suffice to provide work opportunities for more than a portion of the refugees, and it will be necessary to seek further financial support from the United States in future years if there is to be a substantial solution of the refugee problem.

If the Congress approves the authorization for \$30 million included in this section, it is not the intention of the administration to ask at this time for an appropriation. The authorization itself would be interpreted as a measure of our continued interest and concern for the displaced Arabs. The mandate placed upon the Director for Mutual Security by section 706 (h) of this bill to survey the refugee situation in the Near East and to make recommendations gives additional hope

for solid accomplishments in the immediate future. By granting the authorization requested the President would be able to seek an interim appropriation at the next session of the Congress, if circumstances permitted. Failure to express our interest will discourage progress and convey an impression of lack of further concern.

6. African dependent overseas territories

The \$24 million planned for technical assistance and development in the African dependent overseas territories will assist local administrators and technicians in the territories in dealing with problems of resources development. New methods and techniques in fields such as housing, transportation, and health will be demonstrated in actual practice on a sufficient scale to show how their adoption would improve living standards and expand production.

B. INDIA AND PAKISTAN (SEC. 502)

1. Solution of mutual problems

Section 502 provides \$94,400,000 for India and Pakistan to promote the economic development of these countries and to help them maintain economic and political stability. The aid is to be provided on such terms and conditions as the President may specify "which shall include conditions and assurances to enable the countries * * * to make greater progress toward solving their mutual problems in cooperation with each other." The terms and conditions should be designed to make our aid effective for both countries and for the United States in the mutual interest of all three. This conforms to the basic concept of the Mutual Security Program. As stated in the report of the special study mission of this committee on Pakistan, India, Thailand, and Indochina (Hon. Chester E. Morrow, New Hampshire, chairman; Hon. Walter H. Judd, Minnesota; Hon. A. S. J. Carnahan, Missouri; and Hon. Clement J. Zablocki, Wisconsin) in April:

The United States has no desire to interfere in the domestic affairs of any country. But the canal waters dispute and the Kashmir issue facing the two countries have become international problems which directly affect the tranquility of the area and ultimately the whole free world. It is not in keeping with the basic concept of our assistance programs to supply aid to two neighboring countries, both of them our friends, whose failure to reach a settlement of the international problems between them increases their need for American aid and reduces the effectiveness of such aid within each country. Furthermore, it [their dispute] requires each country to maintain large defense forces poised against the other. This consumes as much as 48 percent of the nation's budget, thereby preventing the use of more of the nation's own resources for its own development projects and requiring more external assistance. Our aid cannot be effective, either from the point of view of Pakistan and India, or of the United States, under such circumstances (H. Rept. 412, 83d Cong., p. 59).

2. Emphasis in India on food production

The overriding problem in India is food production. In order to meet this critical problem, the Government is now engaged in a comprehensive economic development program, requiring the maximum application of local financial and physical resources, and significant outside assistance. The program, as a whole, concentrates on the development of agriculture, but does not lose sight of other economic needs. It emphasizes the development of river valleys to make more efficient use of water resources for agricultural purposes and to generate electricity for industrial expansion. The rehabilita-

tion and extension of railways, ports, and other transportation facilities are important elements. The program also includes plans for creation and expansion of industrial plants.

The goal of India's development program, if fully realized, will result in changing the trend from economic deterioration to gradual improvement, which in turn is critical to the survival of free institutions in the country. Maximum use is being made of domestic resources, foreign borrowing, and liquidation of foreign assets. Although India's own efforts will go far toward meeting its essential development needs it will not, however, be able to make headway rapidly enough by its own efforts, especially in regard to the problem of recurring famine, which is of crucial importance to the security and stability of the entire area.

The economic and technical assistance program for India is primarily designed to increase food production by the introduction of more efficient methods of agriculture, better seed, fertilizer, and more water for irrigation. It is largely an extension and acceleration of the program already under way, and will constitute a relatively small, but vital, contribution to India's own total development program.

3. Sharing the contributions

Our contribution includes the foreign exchange costs of supplies and equipment and American technicians necessary for these projects. The villages, state governments, and the Central Government of India in turn contribute the major cost of this project, which is in rupees, together with most of the personnel.

4. India's 5-year plan

The Counselor for Economic Affairs at our Embassy in India, John A. Loftus, presented to the committee—

certain basic propositions which stand out as a result of any examination of India's economic plans and economic needs. * * * The propositions can be expressed like this:

- (1) The Indians have in their 5-year plan a practical hardheaded realistic program defining what needs to be done;
- (2) The Indians are determined at all costs to carry out this program;
- (3) The help that we have been able to give them is of tremendous importance and is deeply appreciated;
- (4) Without sufficient help there is a twofold risk confronting us:

(a) On the one hand, despite their determination, the Indians unaided may simply not be able to complete the program—either for lack of funds or because, under inflation, costs get out of hand—in which event there would be a loss of confidence in India's democratic form of government and in India's political and economic institutions which are in many respects similar to our own;

(b) The Indians are constrained to attempt to carry out the program by authoritarian methods such as are used in Communist countries and by imposing unbearable hardships upon their people whose standards of living are already perilously low, and in so doing will invite political disturbances and divisions within the country.

It follows from these propositions that we have got first to decide clearly whether it is in our national interest that we should do what we can to enable India's newly independent democracy and India's political and economic structure to survive. If we decide this question affirmatively—and all of us, without exception, at the Embassy are convinced that no other answer is conceivable—then it remains only to ask ourselves what it will cost us and how best we can do it. The program that has been placed before the Congress for fiscal year 1954 represents our immediate assessment of what we can do for the next year and how we should do it. The kind of a program we have recommended to you is made up of

the kinds of things in which we have proven capacity to help India. The program is completely within the coming year. Anything less than this will greatly increase the risks of disaster in India (hearings, pp. 944-945).

5. Goals and projects in Pakistan

The Government of Pakistan has set out to accomplish the improvement of the present low level of agricultural efficiency and production, and the establishment of adequate power and transportation facilities which are needed for improving Pakistan's agricultural situation and helping to lay the basis for industrial expansion. To this end, they have instituted a comprehensive economic development program comparable in all major respects to the Indian development plan. The United States aid program is designed to assist Pakistan in achieving these goals.

As in India, our effort will be concentrated in a village development program with the primary purpose of increasing food production. This will be done by teaching and showing the Pakistani farmer how he can increase the yield of his food crops through better seed, use of fertilizer, rotation of crops, and more efficient farming techniques. American technicians working jointly with greater numbers of Pakistani technicians will demonstrate the benefits to the farmer of modern agricultural practices.

In addition, fertilizer will be imported to increase the production of food while at the same time showing the farmer the value of fertilizer in increased food supply. United States aid is helping establish a factory in Pakistan to produce the fertilizer that is required by its agriculture, while in the field of health the program concentrates on measures to combat malaria, trachoma, and other debilitating diseases. The program will also support Pakistan's land reclamation program in the Indus Valley of west Pakistan and the Brahmaputra Valley of east Pakistan by furnishing the necessary engineering services and the sinking of tube wells.

6. Pakistan's food shortage

Pakistan experienced a serious food shortage last year due primarily to droughts and decreased quantities of canal water for irrigation and obtained a \$15 million food loan from the United States to help alleviate the situation. This year, due to the same basic causes, a much more serious shortage threatens. The Government of Pakistan is diverting crops, and generally straining its resources to the limit to meet this crisis, which could have the gravest of consequences. In order to help maximize their own basic efforts, economic and technical assistance is being especially directed toward bringing about a rapid increase in food production. The proposed economic and technical assistance program is directed toward the most rapid expansion possible of food production in Pakistan, through improved methods, irrigation, and greater use of fertilizer.

C. PROPAGANDA

Section 537 prohibits use of funds for printing "general propaganda in support of the mutual security program * * *." The committee

has obtained copies of the material printed with funds authorized by the Mutual Security Act of 1951. The list of publications and costs are as follows:

TCA publications, fiscal 1953

Title	Number of copies	Cost
Point 4—What it is and How it Works (pamphlet).....	188,000	\$3,000.00
Point 4—Profiles (booklet).....	30,000	1,901.80
Point 4 and Liberia (booklet).....	11,000	575.00
Point 4 Around the World (map).....	5,000	150.00
Point 4 Around the World (leaflet) ¹	20,000	148.00
Facts About Point 4 in Liberia (fact sheet).....	5,000	88.00
Facts About Point 4 in Iraq (fact sheet).....	5,000	88.00
IIA Publications (reprints):		
The Servicio in Theory and Practice.....	2,000	192.70
Health South of the Border.....	3,500	311.45
Latin America Gainers Benefits.....	9,500	503.60
Letter to the President.....	3,000	304.00
IIAA at Work.....	1,500	817.14
Of Tractors and Tortillas.....	2,500	308.85
More than ABC's.....	2,000	341.10
Your Job and You.....	1,500	722.27
El Punto 4 en la America Latina.....	1,000	35.00
Point IV Brings 4-S to Costa Rica.....	6,000	498.59
Point IV Brings Strength in the Americas.....	3,500	444.35
Point IV Program and Nursing in Panama.....	6,000	480.30
Point IV in Latin America.....	3,000	384.50
When Good Neighbors Get Together.....	2,000	577.17
Role of Education in Technical Assistance Program.....	2,000	
Dust in the Lungs.....	2,500	
Public Health Nursing in Latin America.....	500	100.00
IIAA Blue packet folders.....	1,000	157.50
		11,425.72

¹ Supply exhausted.

It has been claimed that this is information material, not propaganda. While the dividing line is a matter of debate, the committee is of the opinion that a great deal of this is propaganda under the above section and should be stopped. The amount involved is small, but the principle involved is substantial. Copies of these publications will be available for examination at the committee table.

D. OVERALL OBJECTIVES

Poverty, ill health, and ignorance tend to breed communism, not because such people tend to become Communists, but because they are more easily manipulated and taken over by Communist infiltration or aggression. Programs that bring about better health, better education, and improved living conditions help us in the cold war. In times of peace we have had our most profitable foreign trade, not with backward countries but with more developed countries. When we help people to improve their standard of living, we lay the foundations for future export markets which must continuously expand if our own high standards of living are to be maintained. Thus we serve our own interests in war and peace as well as those of other free peoples when we carry out the natural instincts of a generous people to help their neighbors.

CHAPTER VI—MULTILATERAL ORGANIZATIONS

	Fiscal year 1953 appro- priations	Fiscal year 1954 commit- tee bill
Ch. VI. Multilateral organizations:		
A. Movement of migrants.....	\$9,241,000	\$10,000,000
B. Multilateral technical cooperation.....	9,171,000	13,750,000
C. Children's welfare.....	6,667,000	9,000,000
D. Ocean freight.....	2,587,000	825,000
E. United Nations Korean Reconstruction Agency.....		71,000,000
Total, ch. VI.....	27,666,000	104,575,000

Chapter VI of the bill contains four sections dealing with international organizations of which the United States is a member. In addition one provision deals with ocean freight on relief packages. These provisions do not authorize new programs, but continue existing programs which are part and parcel of the Mutual Security Program.

A. MOVEMENT OF MIGRANTS (SEC. 601)

Section 601 authorizes \$10 million for contributions during calendar year 1954 to the Intergovernmental Committee for European Migration (ICEM) formerly known as the Provisional Intergovernmental Committee for the Movement of Migrants from Europe. This is the same amount authorized and appropriated by the Congress for fiscal year 1952. The organization is a creature of the Congress. In the conference report on the Mutual Security Act of 1951, which first dealt with the movement of migrants, it was stated:

It is the expectation of the committee of conference that steps will be taken as quickly as possible to get the program moving and that the funds made available will be used (H. Rept. 1090, 82 Cong., p. 21).

As pointed out by Mr. George L. Warren, special assistant for refugee matters to the Assistant Secretary of State for United Nations Affairs, during the course of his testimony before the committee:

The considerations that led to the United States taking the initiative to establish the Committee at Brussels in late 1951 are even more valid today. Since World War II United States foreign policy has been directed toward the establishment of stable political and economic conditions in Western Europe along with the development of military strength sufficient to meet the threat posed by the Soviet bloc. The inherent relationship of the gravity of the problem of excess population and the influx of refugees to the attainment of this goal was early recognized by the United States Government, including the Congress, and by the other governments of the free world. * * * The problems stemming from excess population and the influx of refugees from Soviet domination have grave economic and political significance. They are of deep concern not only to member governments of the Migration Committee but to the member governments of NATO and the Council of Europe, and to other governments of the Western World. The leadership of the United States in promoting intergovernmental action to alleviate these problems has been warmly welcomed and widely supported by these organizations and governments (hearings, pp. 1143-1144).

Summary of ICEM movement of migrants

From—	Number of migrants			To—	Number of migrants		
	Actual, calendar 1952 (Feb. 1 to Dec. 31)	Estimate, calendar 1953	Estimate, calendar 1954		Actual, calendar 1952 (Feb. 1 to Dec. 31)	Estimate, calendar 1953	Estimate, calendar 1954
Austria.....	11,012	13,000	15,200	{Australia.....	15,486	26,600	31,200
Germany.....	38,276	42,800	50,000	{New Zealand.....	337		
Greece.....	495	5,000	5,700	Canada.....	8,853	18,700	23,200
Italy and Trieste.....	12,278	44,700	53,000	Argentina.....	—	20,000	23,000
Netherlands.....	10,052	9,700	10,400	Brazil.....	9,797	23,000	23,500
Others.....	5,513	4,800	5,800	Other Latin America	2,812	16,000	17,000
				United States.....	138,102	12,500	12,500
				Others.....	2,179	3,200	4,600
Total.....	77,626	120,000	140,000	Total.....	77,626	120,000	140,000

¹ Represents ethnic Germans and displaced persons from Germany and Austria entering the United States under the Displaced Persons Act of 1948, as amended.

Comparative budget estimates, Intergovernmental Committee for European Migration

	Actual, cal- endar 1952	Estimate, calendar 1953	Estimate, calendar 1954 ¹
1. Administration.....	\$2,359,060	\$2,147,000	\$2,400,000
2. Operations.....	25,288,027	34,608,475	38,000,000
Total.....	27,647,087	36,755,475	40,400,000

¹ Estimates not yet acted upon by the committee.

Status of fiscal year 1953 funds for ICEM

Appropriated.....	\$9,240,500
Unobligated as of Mar. 31, 1953.....	0
Unexpended as of Mar. 31, 1953.....	6,930,375
Unobligated as of June 30, 1953.....	0
Unexpended as of June 30, 1953.....	4,620,250

The amount appropriated for ICEM in fiscal year 1953 is to cover the United States contribution for calendar year 1953. Since the United States contribution is normally paid in quarterly installments, it is estimated that approximately one-half of the total appropriation, i. e., \$4,620,250, will be expended by June 30, 1953.

The \$4,620,250 carryover will be used for the third and fourth quarterly United States payments to ICEM in calendar year 1953.

B. MULTILATERAL TECHNICAL COOPERATION (SEC. 602)

Section 602 of the bill provides an authorization of \$13,750,000 for contributions under provisions of the Act for International Development to the United Nations (\$12,750,000) and the Organization of American States (\$1 million). The sums provided will enable the United States to continue its participation in technical cooperation programs carried on by these two multilateral organizations in conjunction with the United States bilateral program of technical cooperation.

1. United Nations

In recognition of the special experience and technical competence of the United Nations and its specialized agencies, the United States joined with 54 other governments in making voluntary contributions to a special technical-assistance account for the benefit of the underdeveloped areas. Because of the special nature of this program, it was felt that a larger proportion of contributions would have to come from the so-called developed countries than is true in the regular programs. In recognition of the important role which this program plays in economic-development activities, the United States has supported it by contributing approximately 60 percent of total funds pledged.

The program of technical assistance of the United Nations was organized in 1950, and now has almost 1,200 experts working in approximately 70 countries and territories. Over 1,500 requests for technical assistance have been received; 700 agreements have been signed by participating agencies and recipient governments. Almost 1,200 fellows are receiving professional training. Sixty-seven governments have pledged over \$21 million in support of the program for calendar year 1953. This represents a substantial increase over the first financial period of the program, when 55 governments contributed approximately \$20 million for an 18-month period. The United Nations program is carried out by the United Nations and its specialized agencies: Food and Agriculture Organization; World Health Organization; International Labor Organization; International Civil Aviation Organization; United Nations Educational, Scientific, and Cultural Organization; International Telecommunication Union; and the World Meteorological Organization. The International Bank for Reconstruction and Development and the International Monetary Fund cooperate in the program, although they do not receive allocations from the United Nations special account from which the program is financed. The activities of these agencies are coordinated by the Technical Assistance Board, which is made up of representatives of the participating agencies, with an executive chairman appointed by the Secretary General of the United Nations. The Board and the Chairman are responsible to an intergovernmental body, the Technical Assistance Committee, composed of the 18 governments on the U. N. Economic and Social Council, including the United States.

2. Organization of American States

The Technical Cooperation Program of the Organization of American States was established by resolution of the Inter-American Economic and Social Council on April 10, 1950. The program which began operations in January 1951 consists entirely of regional projects. It is directed toward technical education and provides training, instructions, and technical advice at regional training centers and educational institutions. The program for 1953 contains 11 projects, 6 of which are continued from 1952. The latter projects are in the field of agricultural extension services, cooperatives, housing, child welfare, economic and financial statistics, and animal husbandry, the last a research, diagnostic service, and demonstration and training center in hoof-and-mouth disease. The 5 new projects to be undertaken in

1953 also include city planning, evaluation of natural resources, and teacher training. The program for 1954 will be approved by the Economic and Social Council late in 1953.

Nineteen governments pledged \$1,279,001 to the program for calendar year 1951. Pledges by 18 governments for calendar year 1952 total \$1,199,397. Pledges for 1953 now total \$1,215,653 and additional pledges are expected. The United States has pledged \$1 million each year with the proviso that the United States contribution not exceed 70 percent of total contributions. In addition to the pledges and contributions referred to, substantial contributions have been made by host governments in connection with the expenses of projects already in operation. These contributions are estimated at approximately \$200,000 annually in services and supplies and at about \$2 million in lands, facilities, and buildings.

The United States contribution to the Technical Cooperation Program of the Organization of American States for the calendar year 1954 will permit the continuation of the program at approximately its current operating rate.

3. Advantages of multilateral approach

The United States has supported the multilateral approach in addition to bilateral assistance because (1) the recruitment of experts from many different countries lessens the drain on United States manpower in fields in which United States experts may be in short supply; (2) certain regional problems of economic development lend themselves particularly to handling by a regional organization; (3) because of political implications a country may prefer to request assistance from an international organization of which it is an equal member rather than from a particular foreign government; (4) the international approach has great psychological value for the free world by uniting the underdeveloped and the developed countries in a cooperative effort; (5) participation in an international program to which other governments also contribute is economical for the United States.

United States contributions to multilateral programs—Comparative summary of United States obligations by geographic region

	Actual fiscal year 1952	Already appropri- ated	Estimate fiscal year 1953, pending	Total	Estimate fiscal year 1954
United Nations:					
Europe.....	\$342,000	\$651,333	\$365,812	\$1,017,145	\$1,000,000
Near East and Africa.....	3,744,000	2,560,000	1,440,000	4,000,000	4,000,000
Asia and the Pacific.....	4,914,000	2,720,000	1,530,000	4,250,000	4,250,000
Latin America.....	2,400,000	2,240,000	1,260,000	3,500,000	3,500,000
	11,400,000	8,171,333	4,595,812	12,767,145	12,750,000
Organization of American States: Latin America.....	930,000	1,000,000	-----	1,000,000	1,000,000
Total.....	12,330,000	9,171,333	4,595,812	13,767,145	13,750,000

C. CHILDREN'S WELFARE (SEC. 603)

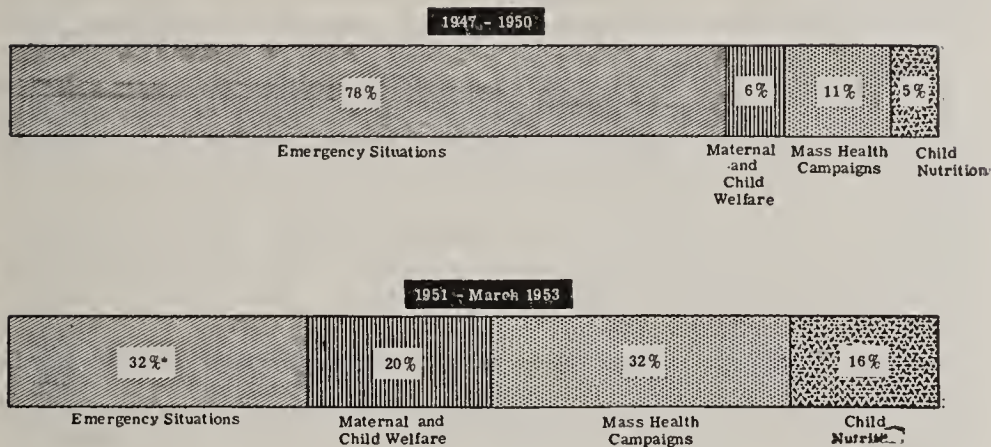
Section 603 authorizes \$9 million for contributions during calendar year 1954 for continued United States support of international children's welfare work. The United Nations Children's Emergency Fund (UNICEF) was established by the United Nations General Assembly in December 1946 to help relieve the suffering and misery of children throughout the world, resulting from the devastation of the war.

1. Shift from emergency relief

During its first 4 years the fund's resources were devoted largely to meeting the emergency needs of children in Europe for food, clothing, and medical attention. By the end of 1950 UNICEF had provided approximately \$113,425,000 in aid to children. Of this amount, 78 percent was for this emergency relief. With respect to geographic distribution, 76 percent went to Europe. In December 1950 the General Assembly voted to extend UNICEF for 3 more years, through December 31, 1953. During this period, largely as the result of the efforts of the Congress, the program emphasis has shifted from the emergency mass feeding and care of war victims in Europe, to assisting underdeveloped countries in Asia, Africa, and Latin America in the development of local maternity and child welfare programs with lasting benefits. From 1951 through March 1953 the fund approved approximately \$29,360,000 for all projects, of which 68 percent was for long-range programs in underdeveloped countries. The departure from the emergency nature of the program was emphasized by Dr. Martha Eliot, United States representative on the executive board of the Children's Fund, and also head of the Children's Bureau of the Department of Health, Education and Welfare, in her testimony before the committee in reply to the questioning of the Hon. John M. Vorys on this point:

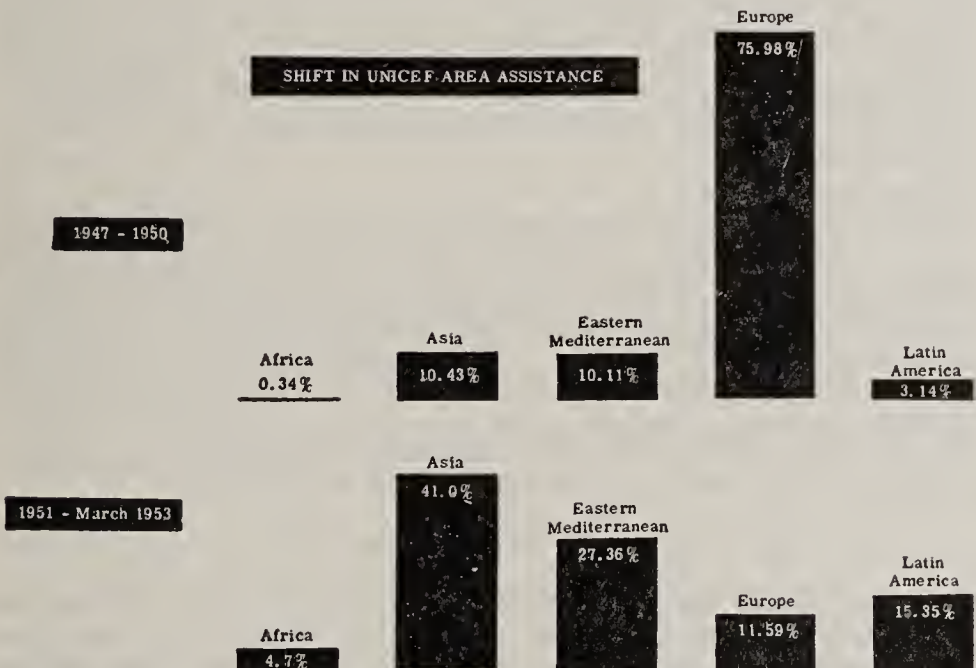
Dr. ELIOT. Mr. Vorys, I am glad you asked those specific questions, because I would like to speak to the nature of the work that is being carried on in these countries and the nature of the supplies. The work is not of the emergency character. It is that of a long-range character. The type of work that is being done now by UNICEF and with UNICEF supplies is the development of child-welfare centers in communities which become the focal point for the programs in behalf of mothers and children in those communities to go on for a long period of time. The earlier mass-feeding campaigns are no longer in operation. When you refer to emergency situations, at the present time, this year, the moneys that are available to this organization are being spent only in the proportion of 15 percent for emergency activities. I would like to show you this chart which I have had drawn up, which shows the emphasis on emergency programs prior to 1950, and then following the decision of the General Assembly to change the character of the work, the way in which the work was shifted by this organization to long-range program. (Hearings, p. 1176).

SHIFT IN UNICEF AID TO LONG-RANGE PROJECTS
 Per cent Distribution of UNICEF Assistance by Type of Program



* Approximately half was in connection with the Palestine Refugee Program. No further allocations are to be made by UNICEF for this program, except with certain contributions in kind.

SHIFT IN UNICEF AREA ASSISTANCE



2. United States contributions

The United States has given strong support and leadership to the UNICEF program from the beginning. The date the United States has contributed a total of \$87,416,667 to the fund. Sixty-three governments and hundreds of thousands of individuals all over the world have also made substantial contributions to enable the fund to carry out its program of aid to children. The total funds made available to UNICEF have, under agreements with the countries receiving aid, been more than matched by the recipient countries themselves.

3. Value of the program

As a result of these combined efforts, UNICEF has become an outstanding symbol of a successful United Nations activity. To millions of persons, many in remote areas of the world, its concrete benefits in feeding and clothing children and protecting them from disease, have conveyed the real meaning of international cooperation through the United Nations in tangible and understandable terms. The importance of such aid was put as follows by the Hon. Walter H. Judd during Dr. Eliot's testimony:

I myself believe that we would be foolish, from the standpoint of the well-being of our country, to reduce this appropriation in view of the amounts we are spending for other purposes and the propaganda value to the enemy of our cutting out this appropriation. It is the program where we are getting the most for the amount we are putting in, in goodwill and value received, of all the things we are doing, in my judgment (hearings, p. 1180).

4. Future status

The United Nations General Assembly will consider the future status of the Children's Fund this fall, at which time it will determine the nature and substance of any new international children's welfare program for the period beginning January 1, 1954. The amount of \$9 million authorized for calendar year 1954 is an approximation of the average amounts which the United States has contributed to UNICEF during the past 3 years, or which have been authorized for contribution.

5. Need for assistance

Of the approximately 900 million children under the age of 15 in the world, an estimated 500 million live in economically underdeveloped areas. When projects now underway are completed, approximately 60 million children will have been reached by UNICEF in 69 countries and territories. Many governments, with UNICEF aid, are initiating or expanding child welfare programs of their own. Further assistance must be given these governments if their initial efforts are to culminate in the development of effective permanent programs which can be carried on without outside aid.

D. OCEAN FREIGHT (SEC. 604)

Section 604 of the bill authorizes \$825,000 for use in paying the ocean freight charges on supplies shipped by voluntary relief agencies. This represents a reduction of \$1 million in the executive request. This is not to be interpreted as a lack of confidence in the excellent work performed by the agencies. It is estimated that as of June 30, 1953, \$256,000 of unobligated funds will be available for use during fiscal 1954. That amount added to the new authorization should be sufficient to enable these organizations to carry on their work.

Congress for some years has recognized the complementary value of voluntary relief to governmental programs of general assistance. Voluntary agencies registered with the Advisory Committee on Voluntary Foreign Aid are reimbursed by authority of the Mutual Security Act for the cost of ocean freight on supplies shipped to Marshall plan countries or to countries eligible for economic and technical assistance. Reimbursements for the past 5 years, that is to March 31, 1953, have amounted to \$7.9 million for the transport of 450 million pounds of food, clothing, medicines, and other supplies to the value of \$138 million. These were distributed by agencies representative of church labor, civic and ethnic interests to countries which provided free customs entry and interior transport to points of consumption. Among these agencies are such worthy organizations as CARE, Inc., Church World Service, Lutheran World Relief, American Friends Service Committee, and War Relief Services of the National Catholic Welfare Council. The estimates for the fiscal year 1954 are much less than one-half of the expenditures of 5 years ago. The estimates include the continued support of programs in Western Europe, the greater part for refugee welfare, and for expansion to the countries in the Middle East dependent upon agreements with the participating governments providing duty-free entry and interior transport of supplies. Shipments to Korea will be through Army facilities. All subsidies for the ocean transport of gift parcel post were eliminated as of March 31, 1953.

E. UNITED NATIONS KOREAN RECONSTRUCTION AGENCY (SEC. 605)

In December 1950, 6 months after the outbreak of hostilities in Korea, the United Nations General Assembly established the United Nations Korean Reconstruction Agency (UNKRA). Its purpose was to provide for relief and rehabilitation in Korea.

During hostilities emergency civilian relief has been a responsibility primarily of the unified command; UNKRA has devoted its efforts toward rehabilitation. By agreement between the unified command and UNKRA the latter will assume responsibility for emergency civilian relief as soon after a cessation of hostilities as military circumstances permit.

The United States has pledged \$162.5 million (65 percent) of the \$250 million program undertaken by UNKRA. Total pledges of all governments exceed \$205 million. The United States has paid \$50,750,000; other contributions bring the total payments to more than \$70 million.

The testimony presented to the committee states succinctly the purpose of the provision in the bill.

The proposed legislation authorizes appropriation of \$71 million for fiscal year 1954; and, in addition, authorized the United States Department of the Army to make available toward the United States contribution to UNKRA, at the time when UNKRA assumes full responsibility for relief and rehabilitation in Korea, civilian relief supplies in the Army pipeline to Korea of a value not to exceed \$40,750,000, which would approximately complete the payment of the United States pledge of \$162.5 million (hearings, p. 1134).

The United States is carrying the principal share of the military burden in Korea. It is appropriate that other nations share in the work of relief and reconstruction in Korea. The United States contribution will do much to stimulate other nations to participate in this work.

The committee has called attention to the overstaffing of UNKRA. There are 262 employees in Korea, 25 in Tokyo, 97 in New York, 16 in Geneva, Switzerland, a total of 410. The committee learned with satisfaction that the head of UNKRA has been changed, and is now Lt. Gen. John B. Coulter, United States Army, retired. It is hoped that he will overhaul this organization.

The United States Army has spent \$712 million for relief in Korea since World War II. We believe that relief after any armistice should be carried on by the United Nations, not solely by the United States.

CHAPTER VII—FURTHER CHANGES IN EXISTING MUTUAL SECURITY LEGISLATION

A. PACIFIC PACT (SEC. 701)

Section 701 of the bill incorporates in section 2 (b) of the Mutual Security Act an additional statement of congressional policy. In recognition of the global nature of the mutual security program and the importance of the Far East, South Asia, and the Pacific Ocean area, the section states that the Congress favors the negotiation of a Pacific Pact, consistent with the United Nations Charter, for the common defense of the free peoples of those areas, and United States participation in such a pact. The United States is fighting, together with other United Nations forces, what amounts to a war in Korea. In Indochina, the Associated States of Cambodia, Laos, and Vietnam, together with France, have been waging a battle to keep the Viet-Minh Communist forces from taking over the Associated States. If they should fall, Thailand and Burma would be in extreme danger; Malaya, Singapore, and even Indonesia would become more vulnerable to the Communist-power drive; and Ceylon, India, and Pakistan would find it difficult to maintain the freedom of action which they envisage for themselves in Asia. An Asiatic Communist empire holding the Indochinese-Malay Peninsula together with Indonesia—controlling over 90 percent of the world's natural rubber and some 60 percent of its tin and dominating the great shipping lanes of the Pacific and containing some 150 million people—could deal powerful blows to the economy of independent countries. Communism would then be in an excellent position to complete its perversion of the political and social revolution that is spreading through Asia. The resultant world of fear and insecurity would indeed be a tragic one in which to live.

If the Far Eastern, South Asian, and Pacific Ocean area states are to withstand Communist aggression, it will be necessary to unite into a solid and strong cooperative grouping. It is the purpose of section 701 to encourage the formation of such a pact and to give added assurance of the deep interest of the United States in those areas.

B. TRANSFERS OF FUNDS (SEC. 702)

Two types of transfer of funds are provided for under the Mutual Security Act:

(1) Transferability of not to exceed 10 percent within an area between funds authorized for different purposes in the area or between countries or groups of countries in the same area. The largest

amounts involved in this type of transfer occur in transfers between military and defense support for Europe.

Subsections (a) and (b) of section 702 make the amendments in the Mutual Security Act necessary to continue the existing provisions relating to transfer of funds in effect even though funds are not authorized directly in this bill, pursuant to specified titles of the Mutual Security Act as in previous years.

(2) Transferability of not to exceed 10 percent between areas, but only for the same type of assistance as the funds were originally authorized for.

Subsection (c) of section 702 provides for retaining the present provisions as to transfer between areas with two exceptions: First, unexpended balances are no longer to be counted in determining the funds available for transfer; second, special funds for areas for purposes not authorized in previous legislation are not brought under the transfer provisions.

C. UNEXPENDED BALANCES (SEC. 703)

This is a consolidated carryover provision. It continues available for their original purposes through June 30, 1954, the funds appropriated for the fiscal year 1953 and permits the consolidation as appropriate of these funds previously appropriated with the proper fiscal year 1954 appropriation made for the same general purpose.

D. ESCAPEES (SEC. 704)

Section 704 extends the provisions of the Kersten amendment to Asia, as well as Europe. The escapee program had its inception under the authority of section 101 (a) (1) of the Mutual Security Act of 1951. On March 22, 1952, the President approved the use of funds to provide for supplemental care and assistance in resettlement for certain escapees from Iron Curtain countries who had been granted asylum in Western Europe. The Director for Mutual Security authorized a total of \$3,585,000 and approximately \$2 million in local currency for this purpose. The accomplishments of the program were described by Mr. Warren in these words during his testimony before the committee:

In approximately 1 year of operation, the program has achieved substantial results at a minimum cost to the Government. Activities are being carried on in each of the major countries of first asylum benefiting 18,835 escapees. Improved facilities of initial reception have been provided and camps and living conditions are being improved. Food and clothing are being furnished to supplement that provided by the local governments and by voluntary agencies. Medical and dental services are provided to improve the health of escapees and to remove disabilities, which prevent resettlement. Miscellaneous small amenities are provided to raise the morale of the escapees who have fled from demoralizing conditions and who face an uncertain future. Major attention is devoted to assisting escapees to resettle in countries where they can achieve self-dependence and live under normal conditions in a free society. To this end, vocational and language training programs are undertaken to qualify the escapees for resettlement and counseling and visa documentation programs are provided to further process escapees for resettlement. All escapees are screened for security in cooperation with other United States agencies to assure that all persons given assistance are bona fide anti-Communists and otherwise qualify for United States help. Any person who does not pass the security screening is declared ineligible for aid under the program. The program also contributes a part of the cost of moving escapees to their countries of resettlement.

As a result of these efforts, at the end of April 1953, 4,279 persons had been resettled or were awaiting immediate transportation. United States assistance in these activities is essential, because, although the local governments spend large amounts in bearing the major cost of caring for escapees, the governments have not been able to provide the levels of assistance necessary to meet the political and psychological problems involved (hearings, pp. 1156-1157).

Mr. Warren further explained:

These benefits to those who have escaped do not and are not designed to encourage additional persons to flee from behind the Iron Curtain. However, the escapee program does give positive evidence of the announced friendship and concern of the United States for the people of the Communist-dominated countries and offsets Soviet propaganda efforts to the contrary (hearings, p. 1157).

The escapee program proposes for fiscal year 1954 to expand the present European program and to initiate limited programs in the Near and Far East to meet needs not now being met. The total obligational authority required is \$10,500,000, which includes local currency requirements and program direction costs. Of this total, \$2,500,000 of local currencies can be utilized. Continuation of the present program in Europe, Mr. Warren testified, is essential to maintain and enlarge the progress which has been made. It is planned to continue the same general type of operation now being carried on, but to expand somewhat eligibility under the program. At present, eligibility is granted to recently arrived nationals of Russia, the Baltic States, Poland, Albania, Czechoslovakia, Hungary, Rumania, and Bulgaria, but is withheld from certain groups such as the Greek ethnic escapees from Rumania. In fiscal year 1954 it is proposed to expand this eligibility to such groups which it would be in the national interest to assist, and to anti-Communist escapees from Soviet Central Asia and mainland China.

E. AUTHORITY FOR ASSISTANCE TO KOREA (SEC. 705)

This section of the bill makes it possible for the President to use up to 50 percent of funds made available for contributions to the United Nations Korean Reconstruction Agency for direct economic assistance to Korea should circumstances warrant that course of action.

F. PERSONNEL CEILING (SEC. 706 (A))

Overstaffing at home and abroad of agencies connected with the Mutual Security Program has been a continuous concern to the committee. The missions headed by the Honorable Lawrence H. Smith and the Honorable Chester E. Merrow as well as that undertaken by the Honorable James G. Fulton have been critical of the excessive number of personnel connected with the program, particularly administrative employees. Other Members of Congress have made similar observations. A number of evaluation team reports, representing the judgment of men outside of Government, make unfavorable references to the large staffs in some countries.

Last year the committee proposed, and the Congress accepted, a provision that reduced the swollen staff administering the program. Section 706 (a) imposes a further reduction on civilian administrative personnel. It is estimated that at least 500 positions will be cut out by this section.

The law places a limit on military personnel engaged in carrying out the program. This ceiling is retained. An exception is made for new military assistance programs. These may include military assistance to Spain, Japan, and Germany, to defense organizations such as the European Defense Community, and increased assistance to Indochina.

Our concern with overstaffing has been made known to the executive branch. We believe that the establishment of a Foreign Operations Administration, provided for in the pending reorganization plan, will assure further reductions and improve the efficiency of the program.

G. SPECIAL USE OF FUNDS (SEC. 706 (B))

Under this section, section 513 (b) of the Mutual Security Act is amended in two respects. The limit of \$100 million for emergency assistance is presently applicable under that section to funds made available for the fiscal year 1953. This authority is extended to funds available for any fiscal year for the purpose of the Mutual Security Act. In addition, the President may furnish assistance without regard to the forms and conditions of assistance required by the act, when the President finds such use to be important to the security of the United States.

As presently enacted section 513 (b) permits the President, for example, to give assistance to a country without getting the assurances required by section 511. This authority is now broadened to cover other possible situations. Not more than \$20 million may go to 1 country. This does not mean that this must be administered on a country-by-country basis. Situations might arise requiring special expenditures to carry out the purposes of this act where no specific country would be a recipient.

The revision continues the requirement that the President shall notify the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives upon making any such waiver of the requirements of the legislation.

H. REPEAL (SEC. 706(c))

Section 706 (c) of the bill repeals section 516 of the Mutual Security Act relating to private enterprise, which includes provisions to discourage cartels and to encourage the free labor union movement. In view of the President's State of the Union message to the Congress on February 2, 1953, that the encouragement of private American investment abroad will be a major concern of the executive branch, it was thought unnecessary to retain a statement of congressional policy on the same subject, which had originated as a result of congressional dissatisfaction with the lack of emphasis given to the subject previously. Further, it is pointed out that section 115 (k) of the remaining provisions of the Economic Cooperation Act of 1948, as amended, which carries out the principles of clauses (2) and (3) of subsection (a) of section 516 has been retained. To the extent necessary to carry out section 115 (k) the principles and objectives of clauses (2) and (3) of course remain unaffected.

I. GUARANTIES (SEC. 706 (D))

1. Need for broadened coverage

In considering the need for broadening the coverage of investment guaranties under the Mutual Security Program, the committee had before it the report of its Subcommittee on Foreign Economic Policy (Hon. Jacob K. Javits, New York, chairman, Hon. Donald L. Jackson, California, Hon. Karl M. LeCompte, Iowa, Hon. Laurie C. Battle, Alabama, and Hon. Burr P. Harrison, Virginia), The Mutual Security Act and Overseas Private Investment. During the course of its hearings, the subcommittee was told that in order to render the guaranty program more effective it would be necessary to broaden the types of risks guaranteed, to widen the geographic scope of the program, and to increase the time limit. Officials of the executive branch and of numerous private business organizations appeared before the subcommittee and urged the adoption of amendments to effect these changes. The bill contains three provisions broadening the coverage, substantially as recommended. These are all found in chapter VII of the bill and will be discussed in their proper sectional order.

The progress of the guaranty program in the under developed areas, particularly in Latin America, has, in general, been disappointing. It is to be expected that the broader coverage required by this bill coupled with an imaginative and realistic approach to the guaranty program by the executive branch will strengthen the role of guaranties in the Mutual Security Program not only in the underdeveloped areas but elsewhere as well.

2. Effect of section 706 (d)

Under the Mutual Security Act, all of the countries for which aid is authorized are eligible to participate in the guaranty program. Much investor interest has been shown in countries not receiving aid under the Mutual Security Program and hence ineligible to participate in the guaranty program, particularly such British Commonwealth countries as Australia and New Zealand. Section 706 (d) now permits countries to participate in guaranty programs with which the United States has agreed to institute such programs. As explained by Robert B. Eichholz, General Counsel to the Director for Mutual Security, when questioned on this matter by the committee:

An example of the kind of thing that we might have in mind is that it might be possible to interest American enterprise in developing in Australia coal resources which would give the Japanese a source of coal other than from their traditional dependence on Manchurian coal (hearings, p. 1273).

F. J. TERMINATION OF PROGRAM (SEC. 706 (E))

Under section 530 (a) as it now stands items which are contracted for before the termination date must be transferred to the recipient of aid within a 12-month liquidation period following the termination date, and no authority exists for obligating funds for delivery expenses after that time. Long-lead items contracted for during the last year of the program cannot, however, be completed and delivered before the expiration of the present 1-year liquidation period. This problem is

presently being met by inserting in all long-lead item contracts a termination clause, but these contracts tend to have a higher price reflecting the increased risk to the contractor and they subject the United States to the risk of heavy termination payments.

This subsection extends the 12-month liquidation period to 24 months. We have the President's assurance that early next year a new framework for this legislation will be proposed. (See p. 2 of this report.) At that time a longer extension could be considered.

Guaranties authorized by section 111 (b) (3) of the Economic Cooperation Act of 1948, as amended, may be issued out of previously authorized funds during the liquidation period, since the average period from the filing of a guaranty application to the issuance of a guaranty is about 1 year.

K. UNDERDEVELOPED AREAS (SEC. 706 (F))

This subsection of the bill adds a new section 547 to the Mutual Security Act which enables the Director for Mutual Security to choose between the procedures and authorities provided in the Act for International Development and in the remaining provisions of the Economic Cooperation Act of 1948, as amended, in administering economic and technical-assistance programs in underdeveloped areas of the world. Thus he may furnish assistance under the procedures laid down by either act. He may establish uniform administrative arrangements, including personnel practices.

L. USE OF LOCAL CURRENCY (SEC. 706 (G))

This subsection of the bill deals with several problems in the administration of the Mutual Security Program resulting from the enactment of section 1415 of the Supplemental Appropriation Act, 1953. That section prohibits the expenditure after June 30, 1953, of local currencies received by the United States in connection with assistance furnished by the United States (such as 10 percent counterpart) "except as may be provided for annually in appropriation acts." Consistent with the provisions of section 1415, the executive branch has elected to include in annual requests to the Congress for dollar appropriations the value in dollars of the local currency which will be needed to run the program for the year. Thus, any dollars appropriated for the fiscal year 1954 must be used to cover both the dollar requirements and the local-currency requirements of the program.

Section 1415 therefore means that although 10 percent counterpart may now be spent for operating expenses, including expenses of congressional committees, as the Director for Mutual Security shall direct; after July 1 of this year appropriated dollars must be used to purchase this needed local currency, either from the United States Treasury, in cases in which sufficient 10 percent counterpart or analogous currency is available, or from a foreign country in other cases.

Subsection 706 (g) of the bill makes several changes to implement section 1415. The next to the last sentence of section 521 of the Mutual Security Act is struck out because it provides that local currency available for use by the United States may be spent without

reimbursement to the Treasury. Further, a new section is added to the Mutual Security Act which—

1. States that the amount to be authorized includes local-currency requirements, for both administrative and program expenses, valued at \$98,396,000 for fiscal 1954.

2. Provides that any amounts appropriated for the program may be used to purchase foreign currencies.

3. Provides that obligations incurred in local currencies before the effective date of section 1415, July 1, 1953, may be liquidated without reimbursement to the Treasury.

M. NEAR EAST REFUGEES (SEC. 706 (H))

Section 706 (h) incorporates substantially the provisions of H. R. 5248 (a bill to alleviate the Arab refugee problem in the Near East), introduced for the Subcommittee on the Near East and Africa, by the chairman, Hon. Frances P. Bolton. The section deals with the tragic situation of the homeless refugees in the Near East. The area is characterized by a heavy concentration of displaced people. While their plight has been somewhat alleviated by local governments, international agencies, and the United States, it still constitutes the most critical problem in the area. Mr. Dulles and Mr. Stassen gave the committee a review of the major problems observed by them in the area during their recent visit there and stressed the vital necessity for finding a solution to the refugee situation in the Near East. Section 706 (h) places on the Director for Mutual Security a direct responsibility in this matter. He is required to make a survey of the refugee situation in the Near East and to report the results of this survey to the Congress within 90 days after the enactment of this bill, together with recommendations for seeking a solution. The section further requires that the Director shall give especial consideration to a program to utilize the services and talents of the refugees to develop the resources of the area. Such a program will have a positive and constructive effect. Its aim is to raise the economic and social standards of the area to regain for them the self-respect that comes from their successful effort.

In carrying out his duties, the Director must consult with this committee and the Senate Foreign Relations Committee and keep both committees informed on the implementation of his responsibilities.

The impulse behind the section is simple. It is the need for action instead of a standstill policy.

N. EXCESS EQUIPMENT (SEC. 707 (A))

This provision increases the limit on the furnishing of United States excess military equipment by \$200 million. This is not authorization for the expenditure of United States funds but merely the transfer of items already on hand for which the United States has no further use.

The Congress was originally concerned with the problem of furnishing excess equipment under the Mutual Defense Assistance Program because of the possibility that we might declare all or a good part of our military stocks to be excess and thereby dissipate a large part of our military resources. Accordingly, the Congress placed a ceiling

of \$450 million as the total amount of excess equipment and materials which might be furnished. This figure has been increased from year to year and as of today stands at \$1,200 million.

The programed excess stood, as of February 28, 1953, including both grant aid and reimbursable aid, at \$1,044 million; of this total, the Army had programed \$350 million, the Navy \$515 million, and the Air Force \$179 million. Estimated requirements through the fiscal year 1954 bring the figure to \$1,181 million. The total programed and projected excess figure is \$19 million below the statutory ceiling. Nevertheless, there is a possibility that the United States Government may enter into projects and activities in the Far East which would require the large-scale furnishing of excess. For example, there are bills pending before the Congress to accomplish this end. It is, therefore, felt desirable to have a cushion in the event that such activities materialize and in the event that they are brought under the Mutual Defense Assistance Program.

O. SALES OF MILITARY EQUIPMENT (SEC. 707 (B))

Section 408 (e) of the Mutual Defense Assistance Act authorizes the United States to sell military equipment (reimbursable aid) to nations, the ability of which to defend themselves is important to the United States. The Mutual Security Program under existing law terminates June 30, 1954. In the meantime, many governments have been supplied with complex military equipment from the United States for which parts and maintenance equipment can only be obtained in the United States. This amendment is to give assurance to such countries that the United States will be authorized to sell such items after the termination of the Mutual Security Program.

P. DEPENDABLE UNDERTAKING PROCEDURE (SEC. 707 (C))

This subsection merely extends the existing authorization for the United States to sell military equipment (reimbursable aid) under a "dependable undertaking" of the buying nation to pay for such equipment to include international military organizations and headquarters in addition to nations.

Q. LOANS OF EQUIPMENT (SEC. 707 (D))

This amends the Mutual Defense Assistance Act to make clear that loans of equipment to other nations are authorized for test and study purposes. At the same time, it is indicated that such loans shall be solely for test and study purposes for designated periods and in limited quantities.

R. TERM OF GUARANTIES (SEC. 708 (A))

D. A. FitzGerald, Deputy Director for Mutual Security, in his testimony before the subcommittee pointed out a time-factor weakness in existing guaranty legislation:

The present legislation provides that the duration of the guaranties themselves cannot run beyond April 2, 1962. In some instances we have had inquiries on the part of investors for more forward coverage. Some suggestions have been made that it might be desirable to go as far as 25 years from the date of issuance, rather than put a specific date of April 2, 1962, or any other specific date in the legislation.

Section 708 (a) amends section 111 (b) (3) of the remaining provisions of the Economic Cooperation Act by providing that "guaranties shall be limited to terms not exceeding twenty years from the date of issuance." This takes the place of the old provision in the ECA Act which provides that "guaranties shall terminate not later than fourteen years from the date of enactment of this Act". ("This Act" refers to the Economic Cooperation Act, "the date of enactment" being April 3, 1948.)

S. GUARANTIES (SEC. 708 (B))

The Mutual Security Agency testified that discussions with guaranty applicants have demonstrated the need for complete coverage of the risks of war, revolution, and civil disorder. Further, MSA has been advised by a number of private individuals and groups that the risks of war and revolution are important deterrents, and must be among the insurable risks in an effective system against risks peculiar to foreign investment (e. g., MSA Advisory Committee on Guaranty Policy, chaired by Thomas H. McKittrick, senior vice president, Chase National Bank; recommendations to TCA by August Maffry, vice president, Irving Trust Co.). To this end, section 708 (b) amends section 111 (b) (3) (v) of the Economic Cooperation Act by providing that the guaranty shall cover, in addition to the present coverage of the risks of expropriation or confiscation and inconvertibility of currency, the risks of war, revolution, or civil disorder.

T. COUNTERPART LOANS (SEC. 708 (C))

This subsection deals with two problems which have arisen under the proviso to section 115 (b) (6) of the Economic Cooperation Act enacted last year which requires the redeposit in the main counterpart account of funds received in repayment of loans in counterpart currencies. Since the repayments of counterpart loans must be made to the main counterpart account itself, this makes it difficult to set up an effective lending institution for counterpart. The proposed change permits repayment to a lending institution but retains United States control over further use of the funds. The second change proposed would make it clear that United States control over counterpart-loan repayments will not continue after assistance to the foreign country is terminated.

U. USE OF LOCAL CURRENCY (SEC. 708 (D))

This subsection continues the authority contained in section 115 (h) of the Economic Cooperation Act for "appropriate committees of the Congress engaged in carrying out their duties under section 136 of the Legislative Reorganization Act of 1946" to use local currency (counterpart) funds for their expenses outside the United States.

COMPLIANCE WITH RAMSEYER RULE

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

MUTUAL SECURITY ACT OF 1951, AS AMENDED

AN ACT To maintain the security and promote the foreign policy and provide for the general welfare of the United States by furnishing assistance to friendly nations in the interest of international peace and security.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Mutual Security Act of 1951".

SEC. 2. (a) * * *

(b) The Congress welcomes the recent progress in political federation, military integration, and economic unification in Europe and reaffirms its belief in the necessity of further vigorous efforts toward these ends as a means of building strength, establishing security, and preserving peace in the North Atlantic area. In order to provide further encouragement to such efforts, the Congress believes it essential that this Act should be so administered as to support concrete measures for political federation, military integration, and economic unification in Europe. Appropriations made pursuant to paragraphs 101 (a) (1), relating to military assistance, and 101 (a) (2), relating to defense support and economic assistance, of this Act may be used, pursuant to the applicable terms and conditions of the Mutual Defense Assistance Act of 1949, as amended, and of section 503 of this Act, respectively, to furnish assistance (including, in the case of amounts available pursuant to paragraph 101 (a) (2), transfers of funds) to any of the following organizations: (A) The North Atlantic Treaty Organization, (B) the European Coal and Steel Community, (C) the organization which may evolve from current international discussions concerning a European defense community. *The Congress favors the negotiation of a Pacific Pact, consistent with the provisions of the United Nations Charter, for the common defense of the free peoples of the Far East, South Asia, and the Pacific Ocean area, and the participation therein of the United States.*

TITLE I—EUROPE

SEC. 101. (a) In order to support the freedom of Europe through assistance which will further the carrying out of the plans for defense of the North Atlantic area, while at the same time maintaining the economic stability of the countries of the area so that they may meet their responsibilities for defense, and to further encourage the economic unification and the political federation of Europe, there are hereby authorized to be appropriated to the President for the fiscal year 1952 for carrying out the provisions and accomplishing the policies and purpose of this Act—

(1) not to exceed \$5,028,000,000 for assistance pursuant to the provisions of the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1571–1604), for countries which are parties to the North Atlantic Treaty, for Spain, and for any country of Europe (other than a country covered by another title of this Act), which the President determines to be of direct importance to the defense of the North Atlantic area and whose increased ability to defend itself the President determines is important to the preservation of the peace and security of the North Atlantic area and to the security of the United States (any such determination to be reported forthwith to the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs on the House of Representatives, and the Committees on Armed Services of the Senate and of the House of Representatives), and not to

exceed \$100,000,000 of such appropriation for any selected persons who are residing in or escapees from the Soviet Union, Poland, Czechoslovakia, Hungary, Rumania, Bulgaria, Albania, Lithuania, Latvia, and Estonia, or the Communist-dominated or Communist-occupied areas of Germany and Austria or any Communist-dominated or Communist-occupied areas of Asia, and any other countries absorbed by the Soviet Union either to form such persons into elements of the military forces supporting the North Atlantic Treaty Organization or for other purposes, when it is [similarly] determined by the President that such assistance will contribute to the defense of the North Atlantic area [and] or to the security of the United States. In addition, unexpended balances of appropriations heretofore made for carrying out the purposes of the Mutual Defense Assistance Act of 1949, as amended, through assistance to any of the countries covered by this paragraph are hereby authorized to be continued available through June 30, 1952, and to be consolidated with the appropriation authorized by this paragraph. Section 408 (c) of the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1579), is hereby repealed. There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$3,415,614,750, for assistance pursuant to the provisions of the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1571-1604) to countries eligible for assistance under this paragraph; and in addition unexpended balances of any appropriations heretofore made pursuant to this paragraph are authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized.

(2) There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$1,282,433,000 to provide assistance to any country covered by paragraph (1) of this subsection and to any other country covered by section 503 of this Act in accordance with the provisions of such section; and in addition unexpended balances of appropriations heretofore made pursuant to this paragraph are authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized.

(b) Not to exceed 10 per centum of the total of the appropriations [granted pursuant to] made available under this section may be transferred, when determined by the President to be necessary for the purpose of this Act, between appropriations [granted pursuant to] made available under either paragraph of subsection (a): *Provided*, That the amount herein authorized to be transferred shall be determined without reference to any balances of prior appropriations continued available pursuant to [this section] *section 546 of this Act: Provided further*, That, whenever the President makes any such determination, he shall forthwith notify the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives, and the Committees on Armed Services of the Senate and of the House of Representatives.

* * * * *

SEC. 102. There is hereby authorized to be appropriated to the President for the fiscal year 1954, to be made available on such terms and conditions (including transfer of funds) as he may specify, (1) not to exceed \$100,000,000 for manufacture in France of artillery, ammunition, and semiautomatic weapons required by French forces for the defense of the North Atlantic area, and (2) not to exceed \$100,000,000 for manufacture in the United Kingdom of military aircraft required by United Kingdom forces for the defense of the North Atlantic area.

TITLE II—NEAR EAST AND AFRICA

* * * * *

SEC. 202. Whenever the President determines that such action is essential for the purpose of this Act, he may provide assistance, pursuant to the provisions of the Mutual Defense Assistance Act of 1949, as amended, to any country of the Near East area (other than those covered by section 201) and may utilize not to exceed 10 per centum of the amount made available (excluding balances of prior appropriations continued available) [pursuant to] under section 201 of this Act: *Provided*, That any such assistance may be furnished only upon determination by the President that (1) the strategic location of the recipient country makes it of direct importance to the defense of the Near East area, (2) such assistance is of critical importance to the defense of the free nations, and (3) the

immediately increased ability of the recipient country to defend itself is important to the preservation of the peace and security of the area and to the security of the United States.

* * * * * *

【Sec. 206. In addition to the amounts authorized by section 203, there is hereby authorized to be appropriated not to exceed \$60,063,250 for carrying out the purposes and provisions of section 204 of this Act, relating to Palestine refugees, during the fiscal year 1953; and not to exceed \$70,228,000 for carrying out the purposes and provisions of section 205 of this Act, relating to refugees in Israel, during the fiscal year 1953: *Provided*, That amounts appropriated pursuant to this section which the President finds cannot be effectively expended to carry out the purposes and provisions of sections 204 and 205 may be transferred to and merged with the appropriations authorized by section 203.】

Sec. 206. In order to further the purpose of this Act in the Near East and Africa, there is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$194,000,000 to be used, on such terms and conditions as he may specify, to furnish special economic assistance designed to promote the economic development of the area, for relief and rehabilitation of refugees in the area, and for other types of economic assistance to assist in maintaining economic and political stability in the area. The applicable provisions of the Act for International Development (64 Stat. 204; 22 U. S. C. 1557), except the provisions relating to the purpose for which assistance may be given, or of section 503 (b) (3) of this Act, shall apply to the expenditure of funds pursuant to this section to the extent that they are not inconsistent with the purposes of this section.

TITLE III—ASIA AND PACIFIC

* * * * * *

SEC. 302. (a) In order to further the purpose of this Act through the strengthening of the area covered in section 301 of this Act [(but not including the Republic of Korea)], there are hereby authorized to be appropriated to the President, for the fiscal year 1952, not to exceed \$237,500,000 for economic and technical assistance in those portions of such area which the President deems to be not under Communist control. Funds appropriated pursuant to authority of this section shall be available under the applicable provisions of section 503 of this Act and the applicable provisions of the Act for International Development (22 U. S. C. 1557). In addition, unexpended balances of funds heretofore made available for carrying out the purposes of the China Area Aid Act of 1950 (22 U. S. C. 1547), are hereby authorized to be continued available through June 30, 1952, and to be consolidated with the appropriation authorized by this section. There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$202,778,250, to carry out the purposes and provisions of this subsection in accordance with the applicable provisions of section 503 of this Act and not to exceed \$118,634,250 to carry out the purposes and provisions of this subsection in accordance with the applicable provisions of the Act for International Development (Public Law 535, Eighty-first Congress); and in addition unexpended balances of any appropriations heretofore made pursuant to this subsection are hereby authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized.

(b) *In order to further the purpose of this Act in India and Pakistan, there is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$94,400,000 to be used, on such terms and conditions as he may specify (which shall include conditions and assurances to enable the countries designated in this subsection to make greater progress toward solving their mutual problems in cooperation with each other), to furnish special economic assistance designed to promote the economic development of such countries, and to assist in maintaining economic and political stability therein. The applicable provisions of the Act for International Development, except the provisions relating to the purpose for which assistance may be given, or of section 503 (b) (3) of this Act, shall apply to the expenditure of funds pursuant to this section to the extent that they are not inconsistent with the purposes of this section.*

【b】(c) The third proviso of section 202 of the China Area Aid Act of 1950 is amended by inserting "and of Korea" after "selected citizens of China" the first time it appears therein. Unexpended balances of allocations heretofore made to the Secretary of State pursuant to that proviso shall be continued available until expended.

SEC. 303. (a) In order to provide for a United States contribution to the United Nations Korean Reconstruction Agency, established by the resolution of the General Assembly of the United Nations of December 1, 1950, there are hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$45,000,000. In addition, unobligated balances of the appropriations heretofore made, and available during the fiscal year 1951, for assistance to Korea under authority of the Far Eastern Economic Assistance Act of 1950, as amended (22 U. S. C. 1543, 1551, 1552), are hereby authorized to be continued available through June 30, 1953, and to be consolidated with the appropriation authorized by this section. In addition, the United States Department of the Army is hereby authorized to make available to the United Nations Korean Reconstruction Agency, at the time when that agency assumes full responsibility for relief and rehabilitation in Korea, goods and services of a value not to exceed **[\$67,500,000] \$40,750,000** which the Department of the Army then has on hand or on order for civilian relief in Korea and which the President determines should be contributed by the United States to the United Nations Korean Reconstruction Agency for use in its relief and rehabilitation operations in Korea. The value of goods and services made available pursuant to the preceding sentence shall be credited toward the contribution to be made by the United States to the United Nations Korean Reconstruction Agency. Not to exceed 50 per centum of the total of the appropriations authorized by this section may, when determined by the President to be necessary for the purpose of this Act, be transferred to and consolidated with the appropriation authorized by paragraph 302 (a). *There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$71,000,000 for making contributions to the United Nations Korean Reconstruction Agency.*

* * * * *

SEC. 304. *There is hereby authorized to be appropriated to the President for the fiscal year 1954, to be made available on such terms and conditions (including transfer of funds) as he may specify, not to exceed \$400,000,000 for the procurement of equipment, materials, and services (as defined in section 411 of the Mutual Defense Assistance Act of 1949, as amended) which are required by and are made available to, or are necessary for the support of, the forces of the Associated States of Cambodia, Laos, and Vietnam and the forces of France located in such Associated States.*

* * * * *

TITLE V—ORGANIZATION AND GENERAL PROVISIONS

* * * * *

APPOINTMENT AND TRANSFER OF PERSONNEL

SEC. 504. (a) * * *

* * * * *

[(d) On and after January 1, 1952, the number of United States citizens employed by the Mutual Security Agency shall be at least 10 per centum less than the number employed by the Economic Cooperation Administration on August 31, 1951: *Provided*, That the Director for Mutual Security shall cause studies to be made from time to time for the purpose of determining whether further reductions in personnel are feasible and consistent with the accomplishment of the purposes of this Act: *Provided further*, That, ninety days after the enactment of the Mutual Security Act of 1952, the number of civilian employees who are United States citizens, receiving compensation or allowances from the administrative expense appropriations authorized by this Act, employed in the United States and overseas by or assigned to the Mutual Security Agency, or employed by or assigned to the Department of State or the Department of Defense for carrying out programs the appropriations for which are authorized by this Act, and the military personnel assigned to such programs, shall be in the aggregate at least 5 per centum less than the number so employed or assigned on June 1, 1952, except for such personnel of the Department of Defense engaged in the manufacturing, repair, rehabilitation, packing, handling, crating, or delivery of matériel: *Provided further*, That after the Director has determined the reduction to be effected in each agency, the determination as to which individual employees shall be retained shall be made by the head of the agency concerned.]

(d) (1) *On and after January 1, 1954, the number of United States citizens employed by the Mutual Security Agency shall be at least 10 per centum less than the number employed by the Mutual Security Agency on June 30, 1953.*

(2) *Ninety days after the enactment of the Mutual Security Act of 1952, the number of civilian employees who are United States citizens, receiving compensation or allowances from the administrative expense appropriations authorized by this Act, employed in the United States and overseas by or assigned to the Mutual Security Agency, or employed by or assigned to the Department of State or the Department of Defense for carrying out programs the appropriations for which are authorized by this Act, and the military personnel assigned to such programs, shall be in the aggregate at least 5 per centum less than the number so employed or assigned on June 1, 1952, except for such personnel of the Department of Defense engaged in the manufacturing, repair, rehabilitation, packing, handling, crating, or delivery of materiel.*

(3) *Ninety days after the enactment of the Mutual Security Act of 1953, the number of civilian employees who are United States citizens, receiving compensation or allowances from the administrative expense appropriations authorized by this Act, employed in the United States and overseas by or assigned to the Mutual Security Agency or employed by or assigned to the Department of State or the Department of Defense for carrying out programs the appropriations for which are authorized by this Act shall be in the aggregate at least 5 per centum less than the number so employed or assigned on January 31, 1953, except for such personnel of the Department of Defense engaged in the manufacturing, repair, rehabilitation, packing, handling, crating, or delivery of materiel.*

(4) *After the Director has determined the reduction to be effected in each agency under paragraph (3), the determination as to which individual employee shall be retained shall be made by the head of the agency concerned.*

(5) *The Director for Mutual Security shall cause studies to be made from time to time for the purpose of determining whether further reductions in personnel are feasible and consistent with the accomplishment of the purposes of this Act.*

(6) *After July 1, 1953, the following categories of military personnel carrying out programs under the Mutual Defense Assistance Act of 1949, as amended, shall be in addition to the personnel ceiling established under paragraph (2) of this subsection:*

(A) *Military personnel carrying out such programs in the Associated States of Cambodia, Laos, and Vietnam, over and above the number so engaged before July 1, 1953,*

(B) *Military personnel carrying out such programs for any countries in which no such programs were in operation on July 1, 1953,*

(C) *Military personnel carrying out such programs for international organizations and headquarters established after July 1, 1953.*

SPECIAL USE OF FUNDS

SEC. 513. (a) Whenever the President determines it to be necessary for the purpose of this Act, [not to exceed 10 per centum of the funds made available under any title of this Act may be transferred to and consolidated with funds made available under any other title of this Act in order to furnish, to a different area, assistance of the kind for which such funds were available before transfer.] funds made available under sections 101 (a) (1), 201, 301, and 401 may be transferred among such sections, except that not more than 10 per centum of the funds available under any such section may be transferred from that section; and funds made available under sections 101 (a) (2), 203, 302 (a), and 402 may be transferred among such sections, except that not more than 10 per centum of the funds available under any such section may be transferred from that section. Funds so transferred shall be consolidated with the funds available under the section to which they are transferred. The determination of amounts authorized to be transferred under this subsection shall be made without reference to any balances of prior appropriations continued available pursuant to section 546 of this Act. Whenever the President makes any such determination, he shall forthwith notify the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives. In the case of the transfer of funds available for military purposes, he shall also forthwith notify the Committee on Armed Services of the Senate and House of Representatives.

(b) Not more than \$100,000,000 of the funds made available under [the Mutual Security Act of 1952] this Act, of which not more than \$20,000,000 may be allocated to any one country, may be used [or supplied without regard to any conditions as to eligibility contained in this Act] in any fiscal year by the President, to be expended, without regard to the requirements of this Act, or any other Act for which funds are authorized by this Act, in furtherance of the purposes of such

Acts, when the President determines that such use is important to the security of the United States. The President shall notify the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives upon making any such determination.

* * * * *

[ENCOURAGEMENT OF FREE ENTERPRISE]

【SEC. 516. (a) It is hereby declared to be the policy of the Congress that this Act shall be administered in such a way as (1) to eliminate the barriers to, and provide the incentives for, a steadily increased participation of free private enterprise in developing the resources of foreign countries consistent with the policies of this Act, (2) to the extent that it is feasible and does not interfere with the achievement of the purposes set forth in this Act, to discourage the cartel and monopolistic business practices prevailing in certain countries receiving aid under this Act which result in restricting production and increasing prices, and to encourage where suitable competition and productivity, and (3) to encourage where suitable the development and strengthening of the free labor union movements as the collective bargaining agencies of labor within such countries.

【(b) To accomplish the purpose of clause (1) of subsection (a) of this section, under the coordination of the Director for Mutual Security, the Mutual Security Agency, cooperating with private business groups and governmental agencies to the fullest extent possible, shall encourage a greater participation by private capital in the guaranty program and shall develop broad criteria to facilitate such participation, including programs consistent with the purposes of the Act for International Development.

【(c) The Department of Commerce shall, in cooperation with such groups and agencies (including the International Bank for Reconstruction and Development), conduct a thorough study of the legal and other impediments, foreign and local, to private investment abroad, and the methods and means whereby those impediments can be removed or decreased and shall make recommendations thereon to the Director for Mutual Security.

【(d) The Department of State, in cooperation with other agencies of the Government concerned with private investment abroad, and taking into account the study and recommendations described in subsection (c) of this section, shall accelerate a program of negotiating treaties of commerce and trade, or other temporary arrangements where more suitable or expeditious, which shall include provisions to encourage and facilitate the flow of private investment to countries participating in programs under this Act.

【(e) The Technical Cooperation Administration, taking into account the study and recommendations described in subsection (c) of this section, shall encourage and facilitate a greater participation by private industrial groups or agencies in private contracts awarded by the Administration, and shall, in cooperation with the Department of Commerce and the Mutual Security Agency, find and draw the attention of private enterprise to opportunities for investment and development in underdeveloped areas.

【(f) The reports required by section 518 of this Act shall include detailed information on the implementation of this section.】

* * * * *

GUARANTIES

SEC. 520. Funds realized from the sales of notes pursuant to section 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, shall be available for making guaranties of investments in accordance with the applicable provisions of sections 111 (b) (3) and 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, in any [area in which assistance is authorized by this Act] *country with which the United States has agreed to institute the guaranty program, notwithstanding the provisions of section 511 of this Act.*

ADMINISTRATIVE EXPENSES

SEC. 521. Funds made available for carrying out the provisions of title I of this Act shall be available for United States participation in the acquisition or construction of facilities in foreign countries for collective defense: *Provided*, That no part of such funds shall be expended for rental or purchase of land or for payment of taxes. Such funds shall also be available for the administrative expenses of carrying out the purposes of all of the titles of this Act, including

expenses incident to United States participation. n international security organizations and expenses in the United States in connection with programs authorized under the Act for International Development. [Any currency of any nation received by the United States for its own use in connection with assistance furnished by the United States may be used by any agency of the Government without reimbursement from any appropriation for the administrative and operating expenses of carrying out the purpose of this Act.] Funds made available for carrying out the purpose of this Act in the Federal Republic of Germany may, as authorized in subsection 114 (h) of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1512 (h)), be transferred by the President to any department or agency for the expenses necessary to meet the responsibilities and obligations of the United States in the Federal Republic of Germany.

* * * * *

EXPIRATION OF PROGRAM

SEC. 530. (a) After June 30, 1954, or after the date of the passage of a concurrent resolution by the two Houses of Congress before such date, none of the authority conferred by this Act or by the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1571-1604) may be exercised; except that during the [twelve months] *twenty-four months* following such date equipment, materials, commodities, and services with respect to which procurement for, shipment to, or delivery in a recipient country had been authorized prior to such date, may be transferred to such country, and funds appropriated under authority of this Act may be obligated during such [twelve-month] *twenty-four-month* period for the necessary expenses of procurement, shipment, delivery, and other activities essential to such transfer and shall remain available during such period for the necessary expenses of liquidating operations under this Act.

(b) At such time as the President shall find appropriate after such date, and prior to the expiration of the [twelve months] *twenty-four months* following such date, the powers, duties, and authority conferred by this Act and by the Mutual Defense Assistance Act of 1949, as amended, may be transferred for the purpose of liquidation to such other departments, agencies, or establishments of the Government as the President shall specify, and the relevant funds, records, property and personnel may be transferred to the departments, agencies, or establishments to which the related functions are transferred.

* * * * *

MOVEMENT OF MIGRANTS

SEC. 534. In order to encourage further the movement of migrants from European countries having surplus population, there is hereby authorized to be appropriated to the President \$9,240,500 for use in making contributions for the calendar year 1953 to the Provisional Intergovernmental Committee for the Movement of Migrants from Europe established at Brussels, Belgium, on December 5, 1951. *There is hereby authorized to be appropriated to the President not to exceed \$10,000,000 for contributions during the calendar year 1954 to the Intergovernmental Committee for European Migration.*

* * * * *

OCEAN FREIGHT CHARGES ON RELIEF PACKAGES

SEC. 535. The authority to pay ocean freight charges on shipments of relief supplies and packages under section 117 (c) of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1515 (c)), shall be continued and may be exercised after June 30, 1952, by any department or agency of the Government that the President may designate: *Provided*, That this authority shall hereafter also be applicable to relief shipments by voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid to any country eligible for economic or technical assistance under this Act: *And provided further*, That not to exceed \$2,587,500 are authorized to be appropriated to the President for the fiscal year 1953 for use in paying ocean freight charges under section 117 (c) of the Economic Cooperation Act of 1948, as amended. *There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$825,000 for use in paying ocean freight charges under section 117 (c) of the Economic Cooperation Act of 1948, as amended.*

* * * * *

AUTHORIZATION OF APPROPRIATIONS

SEC. 540. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$2,079,689,870 to be available under section 101 (a) (1) (relating to military assistance for Europe), of which not less than 50 per centum shall be made available only for the organization referred to in clause (C) of section 2 (b); \$305,212,637 to be available under section 201 (relating to military assistance for the Near East and Africa); \$1,081,620,493 to be available under section 301 (relating to military and other assistance for Asia and the Pacific); and \$15,000,000 to be available under section 401 (relating to military assistance for Latin America).

SEC. 541. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$200,000,000 to carry out the provisions of section 101 (a) (2) (relating to defense support and economic assistance for Europe), and not to exceed \$84,000,000 to carry out the provisions of section 302 (a) (relating to defense support, economic and technical assistance) for the National Government of the Republic of China and the Associated States of Cambodia, Laos, and Vietnam.

SEC. 542. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$100,000,000 for the purpose of furnishing special weapons to nations eligible to receive military assistance under this Act or to the international organizations referred to in section 2 (b) (A) and 2 (b) (C) of this Act: Provided, That, prior to the obligation of funds for this purpose, the President shall determine that such obligation is of direct importance to the security interest of the United States and is in furtherance of the policies and purposes of the Mutual Defense Assistance Act of 1949, as amended: And provided further, That, prior to the transfer of such weapons, the President shall determine (1) that the recipient is adequately prepared to safeguard the security of such weapons; (2) that the transfer of such weapons will be of direct importance to the security interest of the United States; and (3) that such transfer will further the purposes and policies of the Mutual Defense Assistance Act of 1949, as amended. Nothing contained in this section shall alter, amend, revoke, repeal, or otherwise affect the provisions of any law restricting, limiting, or prohibiting the transfer of any such weapons. Notwithstanding any other provisions of this Act, funds made available pursuant to this section may be used only for the purpose of this section.

SEC. 543. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$43,792,500 to carry out the provisions of section 203 (relating to economic and technical assistance for the Near East and Africa); \$72,100,000 to carry out the provisions of section 302 (a) (relating to defense support, economic and technical assistance) other than for the National Government of the Republic of China and the Associated States of Cambodia, Laos, and Vietnam; and \$24,342,000 to carry out the provisions of section 402 (relating to technical assistance for Latin America).

SEC. 544. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$13,750,000 for multilateral technical cooperation under section 404 (b) of the Act for International Development.

SEC. 545. There is hereby authorized to be appropriated to the President not to exceed \$9,000,000 for contributions during the calendar year 1954 for the support of international children's welfare work in such manner and on such terms and conditions as he may deem to be in the interests of the United States.

UNEXPENDED BALANCE

SEC. 546. The unexpended balance under each paragraph of title III, Mutual Security, of the Supplemental Appropriation Act, 1953, is hereby authorized to be continued available for its original purposes through June 30, 1954, and may be consolidated with the appropriate fiscal year 1954 appropriation made for the same general purpose under the authority of this Act.

UNDERDEVELOPED AREAS

SEC. 547. Whenever funds are made available under this Act for assistance, other than military assistance, to any economically underdeveloped area, such funds may be used under the applicable provisions of section 503 (b) (3) or the applicable provisions of the Act for International Development. Where administrative arrangements, including provisions relating to compensation and allowances of personnel, authorized under section 503 (b) (3), differ from those authorized by the Act for International Development, the Director may make use of arrangements authorized under either statute, in carrying out such programs, except that before extending the pro-

visions of section 109 (a) of the Economic Cooperation Act of 1948, as amended, to countries in which programs authorized under the Act for International Development are being carried out, the Director will secure the approval of the Secretary of State.

UNITED STATES USE OF FOREIGN CURRENCY

SEC. 548. (a) The several amounts otherwise authorized by this Act to be appropriated are authorized to be increased by amounts which shall not, in the aggregate, exceed \$98,396,000.

(b) Amounts appropriated pursuant to any authorization contained in this Act are authorized to be made available for purchase of foreign currencies (including foreign currencies or credits owed to or owned by the United States). Provided, That such currencies or credits are authorized to be made available for use, without reimbursement to the Treasury, for liquidation of obligations legally incurred against such currencies prior to July 1, 1953.

SEC. 549. (a) In order to contribute to the peace and stability of the Near East in particular and of the world in general, the Director for Mutual Security shall, in consultation with the Secretary of State, make a survey of the refugee situation in the Near East and report the results of the survey to the Congress within ninety days after the Mutual Security Act of 1953 is enacted, together with recommendations for seeking a solution. In the making of such report and recommendations, especial consideration shall be given to a program which would utilize the services and talents of these refugees to develop and expand the resources of the area, including its water resources.

(b) In carrying out his duties under this section, the Director for Mutual Security shall consult with the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives, and shall keep these committees constantly and fully informed of the action which he takes to carry out the provisions of this section.

MUTUAL DEFENSE ASSISTANCE ACT OF 1949, AS AMENDED

AN ACT To promote the foreign policy and provide for the defense and general welfare of the United States by furnishing military assistance to foreign nations

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Mutual Defense Assistance Act of 1949".

* * * * *

TITLE IV—GENERAL PROVISIONS

* * * * *

SEC. 403. (a) * * *

* * * * *

(d) Not to exceed \$450,000,000 worth of excess equipment and materials may be furnished under this Act or may hereafter be furnished under the Act of May 22, 1947, as amended: *Provided*, That after June 30, 1950, such limitation shall be increased by \$250,000,000 and after June 30, 1951, by an additional \$300,000,000, and after June 30, 1952, by an additional \$200,000,000, and after June 30, 1953, by an additional \$200,000,000. For the purposes of this subsection, the worth of any excess equipment or materials means either the actual gross cost to the United States of that particular equipment or materials or the estimated gross cost to the United States of that particular equipment or materials obtained by multiplying the number of units of such particular equipment or materials by the average gross cost of each unit of that equipment or materials owned by the furnishing agency.

* * * * *

SEC. 408. (a) * * *

* * * * *

(e) (1) The President may, from time to time, in the interest of achieving standardization of military equipment and in order to provide procurement assistance without cost to the United States, transfer, or enter into contracts for the procurement for transfer of, equipment, materials, or services to: (A) nations eligible for assistance under title I, II, III, or IV of the Mutual Security Act of 1951; (B) a nation which has joined with the United States in a collective defense and regional arrangement; (C) any international military organization or headquarters

if, in the opinion of the President, such assistance will further the purposes of this Act; or (D) any other nation not eligible to join a collective defense and regional arrangement referred to in clause (B) above, but whose ability to defend itself or to participate in the defense of the area of which it is a part, is important to the security of the United States: *Provided*, That, prior to the transfer of any equipment, materials, or services to a nation under this clause (D), it shall provide the United States with assurance that such equipment, materials, or services are required for and will be used solely to maintain its internal security, its legitimate self-defense, or to permit it to participate in the defense of the area of which it is a part, or in the United Nations collective security arrangements and measures, and that it will not undertake any act of aggression against any other state: *Provided further*, That in the case of any such transfer, the President shall forthwith notify the Committee on Foreign Relations of the Senate, the Committees on Armed Services of the Senate and of the House of Representatives, and the Committee on Foreign Affairs of the House of Representatives.

(2) Whenever equipment or material is transferred from the stocks of, or services are rendered by any agency, to any nation or international organization as provided in paragraph (1) above, such nation or international organization shall first make available the fair value, as determined by the President, of such equipment, materials, or services before delivery or, when the President determines it to be in the best interests of the United States within sixty days thereafter. The fair value for the purpose of this paragraph shall not be less for the various categories of equipment or materials than the value as defined in subsection (c) of section 403: *Provided*, That with respect to excess equipment or materials the fair value may not be determined to be less than the value specified in paragraph (1) of that subsection plus (a) 10 per centum of the original gross cost of such equipment or materials; (b) the scrap value; or (c) the market value, if ascertainable, whichever is the greater. Before a contract is entered into, or rehabilitation work is undertaken, [such nation] *such nation, or international military organization or headquarters*, shall (A) provide the United States with a dependable undertaking to pay the full amount of such contract or the cost of such rehabilitation which will assure the United States against any loss on the contract, or rehabilitation work, and (B) shall make funds available in such amounts and at such times as may be necessary to meet the payments required by the contract or the rehabilitation work in advance of the time such payments are due, in addition to the estimated amount of any damages and costs that may accrue from the cancellation of such contract or rehabilitation work: *Provided*, That the total amount of outstanding contracts under this subsection, less the amounts which have been paid the United States by such nations, shall at no time exceed \$700,000,000.

(3) The provisions of section 409 of this Act shall not apply to equipment, materials, and commodities made available under this subsection.

(4) *The provisions of section 530 (a) of the Mutual Security Act of 1951 (relating to expiration of program) shall not apply in the case of the transfer, or procurement for transfer, under this subsection, of parts, components, and equipment required for the maintenance or repair of military end items (as referred to in section 506 (c) of the Mutual Security Act of 1951) previously supplied under this Act or the Mutual Security Act of 1951.*

* * * * *

SEC. 411. For the purposes of this Act—

(a) * * *

* * * * *

(d) The term "services" shall include any service, repair, training of personnel, or technical or other assistance or information necessary to effectuate the purposes of this Act *including loans of limited quantities of equipment for designated periods solely for test and study purposes.*

ECONOMIC COOPERATION ACT OF 1948, AS AMENDED

NATURE AND METHOD OF ASSISTANCE

SEC. 111. (a) * * *

(b) In order to facilitate and maximize the use of private channels of trade, subject to adequate safeguards to assure that all expenditures in connection with such procurement are within approved programs in accordance with terms and

conditions established by the Administrator, he may provide for the performance of any of the functions described in subsection (a) of this section—

* * * * *

(3) by making, under rules and regulations to be prescribed by the Administrator, guaranties to any person of investments in connection with projects, including expansion, modernization, or development of existing enterprises, approved by the Administrator and the participating country concerned as furthering the purposes of this title (including guaranties of investments in enterprises producing or distributing informational media consistent with the national interests of the United States: *Provided*, That the amount of such guaranties made in any fiscal year does not exceed \$10,000,000), which guaranties shall [terminate not later than fourteen years from the date of enactment of this act] *be limited to terms not exceeding twenty years from the date of issuance: Provided, That—*

* * * * *

(v) the guaranty to any person shall be limited to assuring one or both of the following: (1) The transfer into United States dollars of other currencies, or credits in such currencies received by such person, as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof; and (2) the compensation in United States dollars for loss of all or any part of the investment in the approved project which shall be found by the Administrator to have been lost to such person by reason of expropriation or confiscation by action of the government of a participating country *or by reason of war, revolution, or civil disorder*. When any payment is made to any person pursuant to a guaranty as hereinbefore described, the currency credits, asset, or investment on account of which such payment is made shall become the property of the United States Government, and the United States Government shall be subrogated to any right, title, claim, or cause of action existing in connection therewith.

* * * * *

BILATERAL AND MULTILATERAL UNDERTAKINGS

SEC. 115. (a) * * *

* * * * *

(b) In addition to continued mutual cooperation of the participating countries in such a program, each such country shall conclude an agreement with the United States in order for such country to be eligible to receive assistance under this title. Such agreement shall provide for the adherence of such country to the purposes of this title and shall, where applicable, make appropriate provision, among others, for—

* * * * *

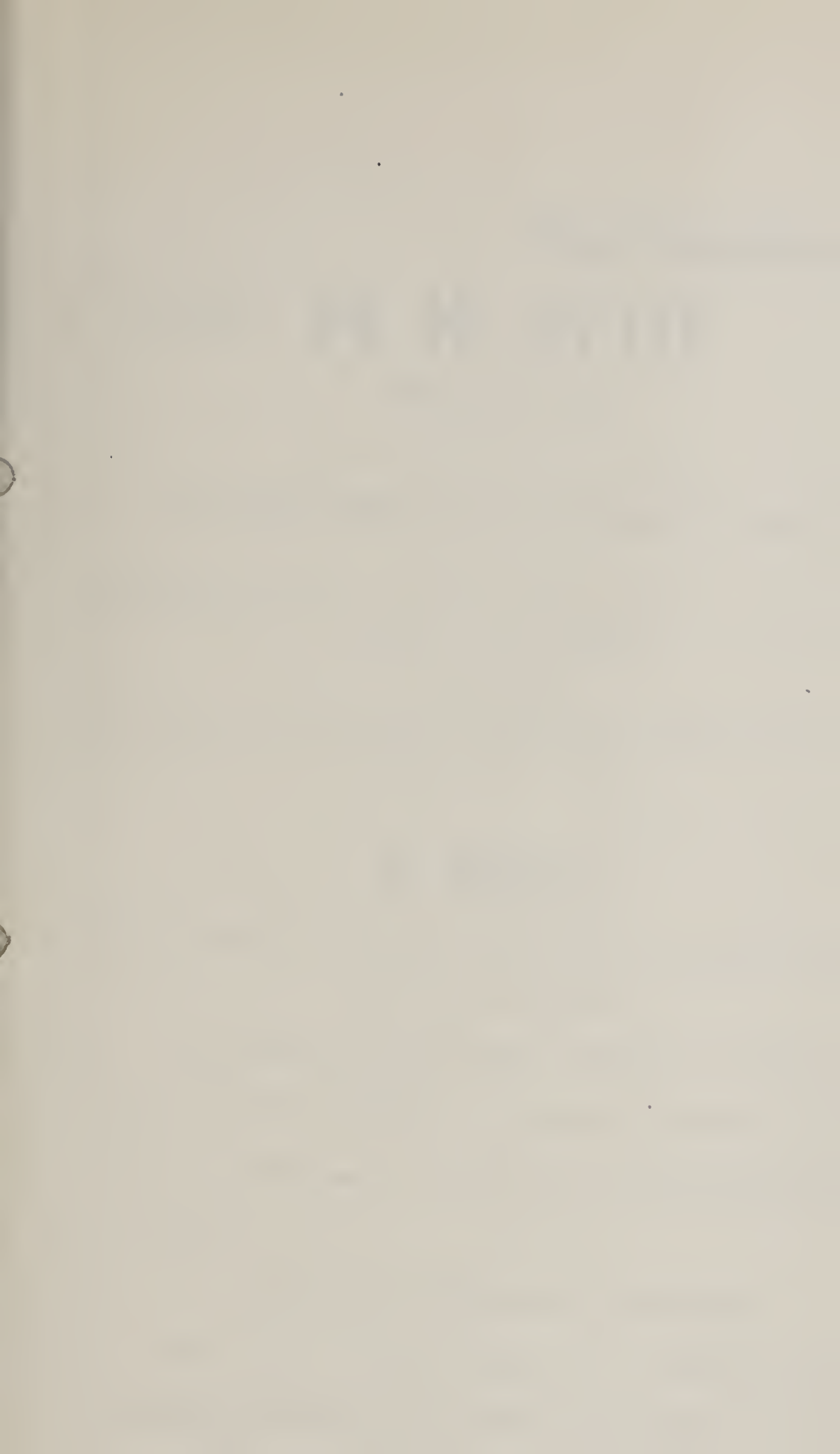
(6) placing in a special account a deposit in the currency of such country, in commensurate amounts and under such terms and conditions as may be agreed to between such country and the Government of the United States, when any commodity or service is made available through any means authorized under this title, and is furnished to the participating country on a grant basis: *Provided*, That the obligation to make such deposits may be waived, in the discretion of the Administrator, with respect to technical information or assistance furnished under section 111 (a) (3) of this title and with respect to ocean transportation furnished on United States flag vessels under section 111 of this title in an amount not exceeding the amount, as determined by the Administrator, by which the charges for such transportation exceed the cost of such transportation at world market rates: *Provided further*, That such special account, together with the unencumbered portions of any deposits which may have been made by such country pursuant to section 6 of the joint resolution providing for relief assistance to the people of countries devastated by war (Public Law 84, Eightieth Congress) and section 5 (b) of the Foreign Aid Act of 1947 (Public Law 389, Eightieth Congress) shall be used in furtherance of any central institution or other organization formed by two or more participating countries to further the purposes set forth in subsection (d) of section 111 or otherwise shall be held or used for purposes of internal monetary and financial stabilization, for the stimulation of productive activity and the exploration for and development of new

sources of wealth, for the encouragement of emigration pursuant to subsection (e) of this section, or for such other expenditures as may be consistent with the declaration of policy contained in section 102 and the purposes of this title, including local currency administrative and operating expenditures of the United States incident to operations, under this title: *Provided further*, That the use of such special account shall be subject to agreement between such country and the Administrator, who shall act in this connection after consultation with the National Advisory Council on International Monetary and Financial Problems and the Public Advisory Board provided for in section 107 (a): *And provided further*, That any unencumbered balance remaining in such account upon termination of assistance to such country under this Act shall be disposed of within such country for such purposes as may, subject to approval by Act or joint resolution by the Congress, be agreed to between such country and the Government of the United States; The Administrator shall exercise the power granted to him by this paragraph to make agreements with respect to the use of the funds deposited in the special accounts of "participating countries" (as defined in section 103 (a) hereof) and any other countries receiving assistance under the Mutual Defense Assistance Act of 1949, as amended, in such a manner that the equivalent of not less than \$500,000,000 of such funds shall be used exclusively for military production, construction, equipment, and materiel in such countries. The amount to be devoted from each such special account for such use shall be agreed upon by the Administrator and the country or countries concerned: *And provided further*, That whenever funds from such special account are used by a country to make loans all funds received in repayment of such loans [shall be redeposited in such special account] *prior to termination of assistance to such country shall be reused only for such purposes as shall have been agreed to between the country and the Government of the United States.*

* * * * *

(h) Not less than 10 per centum of each special local currency account established pursuant to paragraph (6) of subsection (b) of this section shall be allocated to the use of the United States Government for expenditure for materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources or for other local currency requirements of the United States, [including] *and, without regard to section 1415 of the Supplemental Appropriations Act, 1953, for local currency requirements of appropriate committees of the Congress engaged in carrying out their duties under section 136 of the Legislative Reorganization Act of 1946;*





Union Calendar No. 201

83^d CONGRESS
1ST SESSION

H. R. 5710

[Report No. 569]

IN THE HOUSE OF REPRESENTATIVES

JUNE 15, 1953

Mr. CHIPERFIELD introduced the following bill; which was referred to the Committee on Foreign Affairs

JUNE 16, 1953

Committed to the Committee of the Whole House on the State of the Union
and ordered to be printed

A BILL

To amend further the Mutual Security Act of 1951, as amended,
and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Mutual Security Act
4 of 1953".

5 CHAPTER I—MILITARY ASSISTANCE

6 SEC. 101. AUTHORIZATION OF APPROPRIATION.—

7 The Mutual Security Act of 1951, as amended, is amended by
8 adding at the end thereof the following new section:

9 "AUTHORIZATION OF APPROPRIATIONS

10 "SEC. 540. There is hereby authorized to be appro-

1 priated to the President for the fiscal year 1954 not to
 2 exceed \$2,079,689,870 to be available under section 101
 3 (a) (1) (relating to military assistance for Europe),
 4 of which not less than 50 per centum shall be made available
 5 only for the organization referred to in clause (C) of section
 6 2 (b) ; \$305,212,637 to be available under section 201 (re-
 7 lating to military assistance for the Near East and Africa) ;
 8 \$1,081,620,493 to be available under section 301 (relating
 9 to military and other assistance for Asia and the Pacific) ;
 10 and \$15,000,000 to be available under section 401 (relating
 11 to military assistance for Latin America) .”

12 CHAPTER II—MUTUAL DEFENSE FINANCING

13 SEC. 201. AUTHORIZATION OF APPROPRIATIONS.—

14 (a) The Mutual Security Act of 1951, as amended, is
 15 amended by adding after section 540 the following new
 16 section:

17 “SEC. 541. There is hereby authorized to be appro-
 18 priated to the President for the fiscal year 1954 not to
 19 exceed \$200,000,000 to carry out the provisions of section
 20 101 (a) (2) (relating to defense support and economic
 21 assistance for Europe), and not to exceed \$84,000,000 to
 22 carry out the provisions of section 302 (a) (relating to
 23 defense support, economic and technical assistance) for the
 24 National Government of the Republic of China and the
 25 Associated States of Cambodia, Laos, and Vietnam.”

1 (b) Such Act, as amended, is further amended by in-
2 serting after section 101 the following new section:

3 “SEC. 102. There is hereby authorized to be appro-
4 priated to the President for the fiscal year 1954, to be
5 made available on such terms and conditions (including
6 transfer of funds) as he may specify, (1) not to exceed
7 \$100,000,000 for manufacture in France of artillery, am-
8 munition, and semiautomatic weapons required by French
9 forces for the defense of the North Atlantic area, and (2)
10 not to exceed \$100,000,000 for manufacture in the United
11 Kingdom of military aircraft required by United Kingdom
12 forces for the defense of the North Atlantic area.”

13 (c) Such Act, as amended, is further amended by in-
14 serting after section 303 the following new section:

15 “SEC. 304. There is hereby authorized to be appro-
16 priated to the President for the fiscal year 1954, to be
17 made available on such terms and conditions (including
18 transfer of funds) as he may specify, not to exceed \$400,-
19 000,000 for the procurement of equipment, materials, and
20 services (as defined in section 411 of the Mutual Defense
21 Assistance Act of 1949, as amended) which are required
22 by and are made available to, or are necessary for the sup-
23 port of, the forces of the Associated States of Cambodia,
24 Laos, and Vietnam and the forces of France located in such
25 Associated States.”

1 CHAPTER III—MUTUAL SPECIAL WEAPONS PLANNING

2 SEC. 301. AUTHORIZATION OF APPROPRIATION.—

3 The Mutual Security Act of 1951, as amended, is amended
4 by adding after section 541 the following new section:

5 “SEC. 542. There is hereby authorized to be appro-
6 priated to the President for the fiscal year 1954 not to exceed
7 \$100,000,000 for the purpose of furnishing special weapons
8 to nations eligible to receive military assistance under this
9 Act or to the international organizations referred to in section
10 2 (b) (A) and 2 (b) (C) of this Act: *Provided*, That,
11 prior to the obligation of funds for this purpose, the President
12 shall determine that such obligation is of direct importance
13 to the security interest of the United States and is in further-
14 ance of the policies and purposes of the Mutual Defense
15 Assistance Act of 1949, as amended: *And provided further*,
16 That, prior to the transfer of such weapons, the President
17 shall determine (1) that the recipient is adequately prepared
18 to safeguard the security of such weapons; (2) that the
19 transfer of such weapons will be of direct importance to the
20 security interest of the United States; and (3) that such
21 transfer will further the purposes and policies of the Mutual
22 Defense Assistance Act of 1949, as amended. Nothing con-
23 tained in this section shall alter, amend, revoke, repeal, or
24 otherwise affect the provisions of any law restricting, limit-
25 ing, or prohibiting the transfer of any such weapons. Not-

1 withstanding any other provisions of this Act, funds made
2 available pursuant to this section may be used only for the
3 purpose of this section.”

4 CHAPTER IV—TECHNICAL ASSISTANCE

5 SEC. 401. AUTHORIZATION OF APPROPRIATION.—The
6 Mutual Security Act of 1951, as amended, is amended by
7 adding after section 542 the following new section:

8 “SEC. 543. There is hereby authorized to be appropri-
9 ated to the President for the fiscal year 1954 not to exceed
10 \$43,792,500 to carry out the provisions of section 203
11 (relating to economic and technical assistance for the Near
12 East and Africa) ; \$72,100,000 to carry out the provisions
13 of section 302 (a) (relating to defense support, economic
14 and technical assistance) other than for the National Gov-
15 ernment of the Republic of China and the Associated States
16 of Cambodia, Laos, and Vietnam; and \$24,342,000 to carry
17 out the provisions of section 402 (relating to technical as-
18 sistance for Latin America).”

19 CHAPTER V—SPECIAL REGIONAL ECONOMIC ASSISTANCE

20 SEC. 501. NEAR EAST AND AFRICA.—Section 206
21 (relating to refugees) of the Mutual Security Act of 1951,
22 as amended, is amended to read as follows:

23 “SEC. 206. In order to further the purpose of this Act
24 in the Near East and Africa, there is hereby authorized to
25 be appropriated to the President for the fiscal year 1954

1 not to exceed \$194,000,000 to be used, on such terms and
2 conditions as he may specify, to furnish special economic
3 assistance designed to promote the economic development of
4 the area, for relief and rehabilitation of refugees in the area,
5 and for other types of economic assistance to assist in main-
6 taining economic and political stability in the area. The
7 applicable provisions of the Act for International Develop-
8 ment (64 Stat. 204; 22 U. S. C. 1557), except the pro-
9 visions relating to the purpose for which assistance may be
10 given, or of section 503 (b) (3) of this Act, shall apply to
11 the expenditure of funds pursuant to this section to the extent
12 that they are not inconsistent with the purposes of this
13 section.”

14 SEC. 502. INDIA AND PAKISTAN.—Section 302 (re-
15 lating to economic and technical assistance for Asia and the
16 Pacific) of the Mutual Security Act of 1951, as amended,
17 is amended by redesignating subsection (b) as subsection
18 (c), and by inserting after subsection (a) the following
19 new subsection (b) :

20 “(b) In order to further the purpose of this Act in India
21 and Pakistan, there is hereby authorized to be appropriated
22 to the President for the fiscal year 1954 not to exceed \$94,-
23 400,000 to be used, on such terms and conditions as he may
24 specify (which shall include conditions and assurances to
25 enable the countries designated in this subsection to make

1 greater progress toward solving their mutual problems in
2 cooperation with each other), to furnish special economic
3 assistance designed to promote the economic development
4 of such countries, and to assist in maintaining economic and
5 political stability therein. The applicable provisions of the
6 Act for International Development, except the provisions
7 relating to the purpose for which assistance may be given,
8 or of section 503 (b) (3) of this Act, shall apply to the
9 expenditure of funds pursuant to this section to the extent
10 that they are not inconsistent with the purposes of this
11 section.”

12 CHAPTER VI—MULTILATERAL ORGANIZATIONS

13 SEC. 601. MOVEMENT OF MIGRANTS.—Section 534
14 (relating to the movement of migrants) of the Mutual
15 Security Act of 1951, as amended, is amended by adding at
16 the end thereof the following new sentence: “There is hereby
17 authorized to be appropriated to the President not to exceed
18 \$10,000,000 for contributions during the calendar year 1954
19 to the Intergovernmental Committee for European Migra-
20 tion.”

21 SEC. 602. MULTILATERAL TECHNICAL COOPERA-
22 TION.—The Mutual Security Act of 1951, as amended, is
23 amended by adding after section 543 the following new
24 section:

25 “SEC. 544. There is hereby authorized to be appro-

1 priated to the President for the fiscal year 1954 not to exceed
2 \$13,750,000 for multilateral technical cooperation under sec-
3 tion 404 (b) of the Act for International Development.”

4 SEC. 603. CHILDREN’S WELFARE.—The Mutual Security
5 Act of 1951, as amended, is amended by adding after section
6 544 the following new section :

7 “SEC. 545. There is hereby authorized to be appropriated
8 to the President not to exceed \$9,000,000 for contributions
9 during the calendar year 1954 for the support of interna-
10 tional children’s welfare work in such manner and on such
11 terms and conditions as he may deem to be in the interests
12 of the United States.”

13 SEC. 604. OCEAN FREIGHT.—Section 535 (relating to
14 the payment of ocean freight charges on relief shipments)
15 of the Mutual Security Act of 1951, as amended, is amended
16 by adding at the end thereof the following new sentence:
17 “There is hereby authorized to be appropriated to the Presi-
18 dent for the fiscal year 1954 not to exceed \$825,000 for
19 use in paying ocean freight charges under section 117 (c)
20 of the Economic Cooperation Act of 1948, as amended.”

21 SEC. 605. UNITED NATIONS KOREAN RECONSTRUC-
22 TION AGENCY.—Section 303 (a) (relating to Korean relief)
23 of the Mutual Security Act of 1951, as amended, is amended
24 as follows:

(a) Add at the end the following new sentence:

“There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$71,000,000 for making contributions to the United Nations Korean Reconstruction Agency.”

(b) In the third sentence, strike out “\$67,500,000” and insert in lieu thereof “\$40,750,000”.

CHAPTER VII—FURTHER CHANGES IN EXISTING

MUTUAL SECURITY LEGISLATION

SEC. 701. PACIFIC PACT.—Section 2 (b) of the Mutual Security Act of 1951, as amended, is amended by adding at the end thereof the following new sentence: “The Congress favors the negotiation of a Pacific Pact, consistent with the provisions of the United Nations Charter, for the common defense of the free peoples of the Far East, South Asia, and the Pacific Ocean area, and the participation therein of the United States.”

SEC. 702. TRANSFERS OF FUNDS.—(a) Section 101 (b) of the Mutual Security Act of 1951, as amended, is amended (1) by striking out “granted pursuant to” both times it appears therein and inserting in lieu thereof “made available under”, and (2) by striking “this section” out of the first proviso and inserting in lieu thereof “section 546 of this Act”.

(b) Section 202 of such Act, as amended, is amended

1 by striking out “pursuant to section 201” and inserting in
2 lieu thereof “under section 201”.

3 (c) The first sentence of section 513 (a) of such Act,
4 as amended, is amended to read as follows: “Whenever the
5 President determines it to be necessary for the purpose of
6 this Act, funds made available under sections 101 (a) (1),
7 201, 301, and 401 may be transferred among such sections,
8 except that not more than 10 per centum of the funds avail-
9 able under any such section may be transferred from that
10 section; and funds made available under sections 101 (a)
11 (2), 203, 302 (a), and 402 may be transferred among
12 such sections, except that not more than 10 per centum of
13 the funds available under any such section may be transferred
14 from that section. Funds so transferred shall be consoli-
15 dated with the funds available under the section to which
16 they are transferred. The determination of amounts author-
17 ized to be transferred under this subsection shall be made
18 without reference to any balances of prior appropriations
19 continued available pursuant to section 546 of this Act.”

20 SEC. 703. UNEXPENDED BALANCES.—The Mutual
21 Security Act of 1951, as amended, is amended by adding
22 after section 545 the following new section:

1 “UNEXPENDED BALANCES

2 “SEC. 546. The unexpended balance under each para-
3 graph of title III, Mutual Security, of the Supplemental
4 Appropriation Act, 1953, is hereby authorized to be con-
5 tinued available for its original purposes through June 30,
6 1954, and may be consolidated with the appropriate fiscal
7 year 1954 appropriation made for the same general purpose
8 under the authority of this Act.”

9 SEC. 704. ESCAPEES.—Paragraph 101 (a) (1) of title
10 I (relating to Europe) of the Mutual Security Act of 1951, as
11 amended, is amended (1) by deleting the word “similarly”
12 before the word “determined”, (2) by inserting “or any
13 Communist-dominated or Communist-occupied areas of Asia”
14 immediately after “Austria” and before “and any other
15 countries absorbed by the Soviet Union”, and (3) by strik-
16 ing out “and to the security of the United States” and insert-
17 ing in lieu thereof “or to the security of the United States”.

18 SEC. 705. AUTHORITY FOR ASSISTANCE TO KOREA.—
19 The first sentence of section 302 (a) (relating to economic
20 aid and technical assistance) of the Mutual Security Act of
21 1951, as amended, is amended by striking out “(but not
22 including the Republic of Korea)”,

1 SEC. 706. Title V (relating to organization and general
2 provisions) of the Mutual Security Act of 1951, as amended,
3 is further amended as follows:

4 (a) PERSONNEL CEILING EXEMPTION FOR NEW MILI-
5 TARY ASSISTANCE PROGRAMS.—Amend section 504 (d)
6 (relating to reduction in personnel) to read as follows:

7 “(d) (1) On and after January 1, 1954, the number
8 of United States citizens employed by the Mutual Security
9 Agency shall be at least 10 per centum less than the number
10 employed by the Mutual Security Agency on June 30, 1953.

11 “(2) Ninety days after the enactment of the Mutual
12 Security Act of 1952, the number of civilian employees who
13 are United States citizens, receiving compensation or allow-
14 ances from the administrative expense appropriations au-
15 thorized by this Act, employed in the United States and
16 overseas by or assigned to the Mutual Security Agency, or
17 employed by or assigned to the Department of State or the
18 Department of Defense for carrying out programs the
19 appropriations for which are authorized by this Act, and
20 the military personnel assigned to such programs, shall be
21 in the aggregate at least 5 per centum less than the number
22 so employed or assigned on June 1, 1952, except for such
23 personnel of the Department of Defense engaged in the
24 manufacturing, repair, rehabilitation, packing, handling, crat-
25 ing, or delivery of materiel.

1 “(3) Ninety days after the enactment of the Mutual
2 Security Act of 1953, the number of civilian employees who
3 are United States citizens, receiving compensation or allow-
4 ances from the administrative expense appropriations author-
5 ized by this Act, employed in the United States and over-
6 seas by or assigned to the Mutual Security Agency or em-
7 ployed by or assigned to the Department of State or the
8 Department of Defense for carrying out programs the appro-
9 priations for which are authorized by this Act shall be in the
10 aggregate at least 5 per centum less than the number so
11 employed or assigned on January 31, 1953, except for such
12 personnel of the Department of Defense engaged in the
13 manufacturing, repair, rehabilitation, packing, handling, crat-
14 ing, or delivery of materiel.

15 “(4) After the Director has determined the reduction
16 to be effected in each agency under paragraph (3), the
17 determination as to which individual employee shall be re-
18 tained shall be made by the head of the agency concerned.

19 “(5) The Director for Mutual Security shall cause
20 studies to be made from time to time for the purpose of de-
21 termining whether further reductions in personnel are feasible
22 and consistent with the accomplishment of the purposes of
23 this Act.

24 “(6) After July 1, 1953, the following categories of

1 military personnel carrying out programs under the Mutual
2 Defense Assistance Act of 1949, as amended, shall be in
3 addition to the personnel ceiling established under paragraph
4 (2) of this subsection:

5 “(A) Military personnel carrying out such pro-
6 grams in the Associated States of Cambodia, Laos, and
7 Vietnam, over and above the number so engaged before
8 July 1, 1953,

9 “(B) Military personnel carrying out such pro-
10 grams for any countries in which no such programs were
11 in operation on July 1, 1953,

12 “(C) Military personnel carrying out such pro-
13 grams for international organizations and headquarters
14 established after July 1, 1953.”

15 (b) SPECIAL USE OF FUNDS.—Amend section 513 (b)
16 (relating to special use of funds) to read as follows:

17 “(b) Not more than \$100,000,000 of the funds made
18 available under this Act, of which not more than \$20,000,000
19 may be allocated to any one country, may be used in any
20 fiscal year by the President, to be expended, without regard to
21 the requirements of this Act, or any other Act for which funds
22 are authorized by this Act, in furtherance of the purposes of

1 such Acts, when the President determines that such use is
2 important to the security of the United States. The President
3 shall notify the Committee on Foreign Relations of the Senate
4 and the Committee on Foreign Affairs of the House of Repre-
5 sentatives upon making any such determination.”

6 (c) REPEAL.—Repeal section 516.

7 (d) GUARANTIES.—Amend section 520 (relating to
8 investment guaranties) to read as follows:

9 “GUARANTIES

10 “SEC. 520. Funds realized from the sales of notes pur-
11 suant to section 111 (c) (2) of the Economic Cooperation
12 Act of 1948, as amended, shall be available for making
13 guaranties of investments in accordance with the applicable
14 provisions of sections 111 (b) (3) and 111 (c) (2) of
15 the Economic Cooperation Act of 1948, as amended, in any
16 country with which the United States has agreed to institute
17 the guaranty program, notwithstanding the provisions of
18 section 511 of this Act.”

19 (e) TERMINATION OF PROGRAM.—Amend section
20 530 (relating to the expiration of the Mutual Security
21 Program) by striking out “twelve months” and “twelve-
22 month” wherever appearing therein, and by inserting in lieu

1 thereof “twenty-four months” and “twenty-four-month”,
2 respectively.

3 (f) UNDERDEVELOPED AREAS.—Add after section 546
4 the following new section:

5 “UNDERDEVELOPED AREAS

6 “SEC. 547. Whenever funds are made available under
7 this Act for assistance, other than military assistance, to any
8 economically underdeveloped area, such funds may be used
9 under the applicable provisions of section 503 (b) (3) or
10 the applicable provisions of the Act for International De-
11 velopment. Where administrative arrangements, including
12 provisions relating to compensation and allowances of per-
13 sonnel, authorized under section 503 (b) (3), differ from
14 those authorized by the Act for International Development,
15 the Director may make use of arrangements authorized under
16 either statute, in carrying out such programs, except that
17 before extending the provisions of section 109 (a) of the
18 Economic Cooperation Act of 1948, as amended, to countries
19 in which programs authorized under the Act for Inter-
20 national Development are being carried out, the Director
21 will secure the approval of the Secretary of State.”

22 (g) USE OF LOCAL CURRENCY.—

23 (1) Strike out the next to the last sentence of section
24 521 (relating to administrative expenses).

25 (2) Add after section 547 the following new section:

1 “UNITED STATES USE OF FOREIGN CURRENCY

2 “SEC. 548. (a) The several amounts otherwise author-
3 ized by this Act to be appropriated are authorized to be
4 increased by amounts which shall not, in the aggregate,
5 exceed \$98,396,000.

6 “(b) Amounts appropriated pursuant to any authoriza-
7 tion contained in this Act are authorized to be made available
8 for purchase of foreign currencies (including foreign cur-
9 rencies or credits owed to or owned by the United States) :

10 *Provided*, That such currencies or credits are authorized to
11 be made available for use, without reimbursement to the
12 Treasury, for liquidation of obligations legally incurred
13 against such currencies prior to July 1, 1953.”

14 (h) NEAR EAST REFUGEES.—Add after section 548 the
15 following new section:

16 “SEC. 549. (a) In order to contribute to the peace and
17 stability of the Near East in particular and of the world in
18 general, the Director for Mutual Security shall, in consulta-
19 tion with the Secretary of State, make a survey of the refugee
20 situation in the Near East and report the results of the survey
21 to the Congress within ninety days after the Mutual Security
22 Act of 1953 is enacted, together with recommendations for
23 seeking a solution. In the making of such report and recom-
24 mendations, especial consideration shall be given to a pro-
25 gram which would utilize the services and talents of these

1 refugees to develop and expand the resources of the area,
2 including its water resources.

3 “(b) In carrying out his duties under this section, the
4 Director for Mutual Security shall consult with the Com-
5 mittee on Foreign Relations of the Senate and the Com-
6 mittee on Foreign Affairs of the House of Representatives,
7 and shall keep these committees constantly and fully in-
8 formed of the action which he takes to carry out the pro-
9 visions of this section.”

10 SEC. 707. The Mutual Defense Assistance Act of 1949,
11 as amended (22 U. S. C. 1571-1604), is further amended
12 as follows:

13 (a) EXCESS EQUIPMENT.—Immediately before the
14 period in the next to last sentence of section 403 (d) (re-
15 lating to limitation on furnishing of excess equipment), insert
16 a comma and the following: “and after June 30, 1953, by
17 an additional \$200,000,000”.

18 (b) SALES OF MILITARY EQUIPMENT.—Amend section
19 408 (e) by adding at the end thereof the following new
20 paragraph:

21 “(4) The provisions of section 530 (a) of the Mutual
22 Security Act of 1951 (relating to expiration of program)
23 shall not apply in the case of the transfer, or procurement
24 for transfer, under this subsection, of parts, components, and
25 equipment required for the maintenance or repair of military

1 end items (as referred to in section 506 (c) of the Mutual
2 Security Act of 1951) previously supplied under this Act or
3 the Mutual Security Act of 1951.”

4 (c) DEPENDABLE UNDERTAKING PROCEDURE.—Amend
5 the last sentence of section 408 (e) (2) (relating to sales
6 of military equipment) by striking out “such nation” and by
7 inserting in lieu thereof “such nation, or international military
8 organization or headquarters,”.

9 (d) LOANS OF EQUIPMENT.—Amend section 411 (d)
10 (containing definitions) to read as follows:

11 “(d) The term ‘services’ shall include any service,
12 repair, training of personnel, or technical or other as-
13 sistance or information necessary to effectuate the pur-
14 poses of this Act, including loans of limited quantities of
15 equipment for designated periods solely for test and
16 study purposes.”

17 SEC. 708. The remaining provisions of the Economic
18 Cooperation Act of 1948, as amended (22 U. S. C. 1503–
19 1519), are further amended as follows:

20 (a) TERM OF GUARANTIES.—Amend section 111 (b)
21 (3) (relating to guaranties) by striking out “which guaran-
22 ties shall terminate not later than fourteen years from the
23 date of enactment of this Act”, and by inserting in lieu
24 thereof “which guaranties shall be limited to terms not ex-
25 ceeding twenty years from the date of issuance”.

1 (b) GUARANTIES.—Amend section 111 (b) (3) (v)
2 (relating to guaranties) by inserting immediately after “par-
3 ticipating country” the following: “or by reason of war,
4 revolution, or civil disorder”.

5 (c) COUNTERPART LOANS.—Amend the last proviso
6 of section 115 (b) (6) (relating to counterpart funds)
7 by striking out “shall be redeposited in such special account”,
8 and by inserting in lieu thereof the following: “prior to ter-
9 mination of assistance to such country shall be reused only
10 for such purposes as shall have been agreed to between the
11 country and the Government of the United States”.

12 (d) USE OF LOCAL CURRENCY.—Amend section 115
13 (h) by striking out “including” and inserting in lieu thereof
14 the following: “and, without regard to section 1415 of the
15 Supplemental Appropriations Act, 1953, for”.

83d CONGRESS
1ST Session

H. R. 5710

[Report No. 569]

A BILL

To amend further the Mutual Security Act of 1951, as amended, and for other purposes.

By Mr. CHIPPERFIELD

JUNE 15, 1953

Referred to the Committee on Foreign Affairs

JUNE 16, 1953

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

written "For my education. David Krohe, C-15 026 660, 1953."

So I would say here on the floor of this House:

It is really a wonderful thing you did, Dave, when you sent that little card out into the air to those of us who passed the GI bill of rights back in the 78th Congress. It put a song in my heart that I am going to share with the rest of the "any living" Members of that Congress by putting this into the CONGRESSIONAL RECORD so they will all have it.

Thanks for the lift, David Krohe, C-15 026 660, 1953, and all the luck in the world to you.

COMMITTEE ON FOREIGN AFFAIRS

Mrs. FRANCES P. BOLTON. Mr. Speaker, I ask unanimous consent that the Committee on Foreign Affairs may have until midnight tonight to file its report, which was not filed last night.

The SPEAKER. Is there objection to the request of the gentlewoman from Ohio?

There was no objection.

COMMITTEE ON AGRICULTURE

Mr. HILL. Mr. Speaker, I ask unanimous consent that the Committee on Agriculture may meet during general debate while the House is in session today.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

MORE PRIVATE INVESTORS NEEDED

(Mr. KERSTEN of Wisconsin asked and was given permission to extend his remarks at this point in the RECORD and include extraneous matter.)

Mr. KERSTEN of Wisconsin. Mr. Speaker, the Republican administration should take positive steps to encourage small private investors who, for the past 20 years, have been discouraged by the Socialist planners who brought private investment down to a trickle in favor of Government investment and control of American industry.

To this end, I have today introduced a bill to exempt from Federal income tax the first \$1,000 of dividend income received by any taxpayer.

This bill will eliminate to some extent the double taxation of dividends which now exist under the Federal income tax laws. Corporate income is first taxed when earned by the company. This same income is again taxed to the individual when he receives it in the form of dividends. This double taxation of dividends results in a net effective tax rate on dividend income of individuals which ranges from not less than 65 percent to as high as 95 percent. This is too great a burden to place on those who invest in enterprises in America and tends to discourage investments.

Because of the \$1,000 maximum, this bill will particularly relieve the burden of double taxation from small-share owners who constitute the great bulk of share owners in the United States. About 76 percent of the 8,500,000 share

owners in the United States have a gross income under \$10,000. These persons receive an average of about \$600 each in dividend income. Larger share owners will also benefit by the bill but not to as great a proportion as will the small-share owners.

The proposed change would encourage more persons to own corporate stock and encourage a wider distribution of ownership of private corporations in the United States. A wider ownership of corporate stock will help to establish greater stability in our society by providing greater security and independence to more people. A working man who also has an interest in American business enterprises has both additional income to supplement his earnings and a cushion to soften the adverse effect of loss of job or illness.

Ideally, our society would be much more stable if each family had income from both earnings and property and were not solely dependent on earnings. This bill encourages a development in the direction of this ideal.

From Treasury Department figures, I have computed that the reduction of revenue for the United States if this bill is enacted would amount to only \$575 million. And in the long run this amount would be regained and probably surpassed because of the stimulation to new widespread investment which would result.

WASTE OF TRAINED MANPOWER IN THE ARMED SERVICES

(Mr. JONES of Missouri asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. JONES of Missouri. Mr. Speaker, because it does emphasize a problem in which I have been very much interested, I am going to read an excerpt from a letter I have received from a constituent in my district today:

While there is much discussion on reducing the budget, waste in the various branches of the service, and similar problems, I should like to bring to your attention a form of waste that many citizens consider inexcusable—the waste of trained manpower. At a time when the many technical companies are begging for engineers and are swamping the current group of graduates with offers for jobs, the Army is ignoring the hundreds that are in its ranks. Of three graduates from engineering school whom I know, one is serving as a clerk-typist in Japan, a second is Military Police, and a third, my nephew, is attending leadership school after having asked repeatedly for something in his line of work.

Since I know my nephew's qualifications, I shall explain in detail why I think the Army could use him to a better advantage besides the infantry. He was graduated from Missouri School of Mines, Rolla, Mo., in 1952 with a degree in chemical engineering. After working 6 months as a chemist with the ——— Oil Co., he was called into service. He had several years of National Guard training so was a good soldier in basic, receiving the trophy for being the outstanding trainee in his battery. He also was told that his score on the intelligence tests given the group was the highest in the battery, not excluding officers. He is now taking an 8-week leadership course at Camp ———. He would like very much to get into the chem-

ical warfare division since he has been told by men in that group that there is a need for replacements. However, he has never received any encouragement in that respect and he feels that the chance of a transfer is very remote.

Mr. Speaker, we are not only wasting this manpower but because of some of the regulations and laws under which we are laboring we are failing to utilize the services of many people because of some physical defect. I think we should take into consideration the opportunity to utilize the skills of many people who would like to be serving their country but who are precluded from doing so because of the regulations we have.

SPECIAL ORDER GRANTED

Mr. JAVITS asked and was given permission to address the House on Thursday of next week for 30 minutes, at the conclusion of the legislative program and following any special orders heretofore entered.

1953-54 FOREIGN-AID BILL

(Mr. BURLESON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BURLESON. Mr. Speaker, on yesterday, the Foreign Affairs Committee, of which I am a member, reported out the 1953-54 foreign-aid bill. I assume a rule is being requested at this time.

At the conclusion of the hearings on the mutual-security measure, I offered a motion in the committee to postpone further consideration until sometime in the fall and not later than December 1 of this year. My motion did not prevail.

Now, Mr. Speaker, in view of certain existing conditions around the world, it would seem the part of wisdom to delay action until some of these obvious imponderables could be more nearly determined than at present.

Just to mention a few: France is without responsible leadership and a goodly part of the funds provided in the authorization bill will go to France. France's position in southeast Asia is, to say the least, unstable at the time and what it may be in the next few months, dependent upon what happens in Korea, is not reasonably predictable.

A settlement in Korea will likely alter, and radically so, the entire picture in the Far East, and particularly southeast Asia.

There are grave doubts as to the position of both France and England in their colonial possessions. There are grave doubts as to what will occur in the great Middle East.

All these problems and conditions should have a clearer meaning in the reasonably near future. Can we at this time act with reasonable judgment in view of all these uncertainties at this time?

I am not one who believes all these conditions will be settled in the near future, but I do believe there will be indications on which more intelligible ac-

tion can be taken after the lapse of a few more months.

Bear in mind also that the Mutual Security Agency now has in the neighborhood of \$10 billion of unexpended funds. Yes, I know they say these funds are obligated. But it so happens that practically all of the obligations have been made since the first of last month. I am aware, of course, that there is such a thing as the "pipeline" and a "lead time" on military end items, but I cannot believe any serious vacuum would be left in this pipeline of supplies if action on the foreign-aid bill was postponed for 4, 5, or 6 months.

Let me say here, Mr. Speaker, that I strongly support cooperation between the free peoples and the free nations of this world. Unless we do so, it is my belief eventually we will be engulfed by Communist aggression. It is not a matter of opposing legislation to bolster the defenses of the free world, but rather it is to have the opportunity of acting more intelligently than it is possible to do so at this time.

The President, the Secretary of State, and the Director of Mutual Security say forcefully they oppose any postponement of action. Of course, they do. What else could they say? It would have a much different effect on our allies should the President and the top leadership of his administration concur in such action or opinion, but it would be another thing if the leadership of this Congress, in its considered judgment, did not bring this measure up for consideration at this time. It would have been another thing had the Committee on Foreign Affairs decided that a "new look" should be taken before additional billions were authorized for foreign aid.

It would seem perfectly proper that action be taken to authorize the expenditure of unexpended funds to maintain the program in its forward progress, but to wait for the better or worse which seems imminent in the next few months ahead.

Mr. Speaker, I know of no parliamentary procedure of the House by which action on this measure can be delayed other than by a motion to recommit. I would not want to see that action taken. In all probability, it would have an adverse effect and I am not of the disposition to see such happen. It would seem much more wise to delay action on this measure until either the Congress returned in the fall of the year or the first of the next session, than either to pass the bill at this time or defeat or defer it on any sort of a motion.

Therefore, Mr. Speaker, I hope there are enough Members of this House who feel as I do about it to appeal to the leadership not to bring out this legislation at this time, but not to close the door on its consideration a few months hence.

The immediate future may reveal to us possibilities not now anticipated, and I believe that a study of the present fiscal status of the mutual assistance program will convince you that nothing will be impaired or jeopardized in the interim.

PRICE OF AGRICULTURAL PRODUCTS

(Mr. McCARTHY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. McCARTHY. Mr. Speaker, about a week ago the gentleman from Missouri [Mr. CURTIS] criticized the Democrats for slipping things into the Record and not speaking here publicly so that they could be refuted by Republican Members of the House. I would like to have this public statement noted, and I would like to have it answered or refuted, if possible by Republicans. The Republican national chairman, Mr. Hall, recently spoke in Minnesota. In the course of his speech, he announced that the farm price decline had been halted by the present administration, and that the price of agricultural products is now on the upturn. I find it difficult to reconcile this statement with the most recent report which has been issued by the Department of Agriculture under Mr. Benson, and difficult also to reconcile it with the fact that the price of wheat has now fallen to \$1.89 a bushel, the lowest I believe it has been since 1950, and the fact that on Friday of last week the price of veal dropped a dollar per hundred pounds to the lowest that price has been in the last 6 years. Apparently this is the market reaction to the Republican national chairman's statement that his party is attempting to launch a new agricultural program.

TRANSFER OF RECORDS NOT LESS THAN 50 YEARS OLD TO NATIONAL ARCHIVES

Mr. LeCOMPTE. Mr. Speaker, by direction of the Committee on House Administration, I offer a privileged resolution (H. Res. 288) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That the Clerk of the House is authorized to permit the Administrator of General Services to make available for use—

(1) any records of the House of Representatives, transferred to the National Archives, which have been in existence for not less than 50 years, except when he determines that the use of such records would be detrimental to the public interest; and

(2) any records of the House of Representatives, transferred to the National Archives, which have previously been made public.

Sec. 2. Such permission may continue so long as it is consistent with the rights and privileges of the House of Representatives.

The SPEAKER. The question is on the resolution.

The resolution was agreed to, and a motion to reconsider was laid on the table.

AMERICAN CITIZENS IMPRISONED BY CHINESE COMMUNISTS

(Mr. ROOSEVELT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROOSEVELT. Mr. Speaker, Donald Dixon is an American newspaperman who is a foreign correspondent for the International News Service. He and his family have, for a long time, resided in the congressional district I am privileged to represent. On March 21 of this year, Donald Dixon, while on a vacation from his assignment in Korea, joined two other American citizens on a pleasure cruise abroad a private vessel flying the American flag. They were traveling between the island of Hong Kong, a colony of the Government of Great Britain, and the island of Macao, a possession of Portugal, when they were suddenly overtaken by a gunboat flying the flag of the Chinese Communist regime. Their vessel was taken in tow and they were, without any apparent justification, abducted and imprisoned by the Chinese Communists.

I have inquired of the State Department on numerous occasions as to what information this Government has concerning the whereabouts and treatment of Donald Dixon. I have been told that the Chinese Communist radio and Chinese Communist newspapers, apart from admitting they had captured Donald Dixon and imprisoned him in Canton, have given no indication whatsoever of why they have so interfered with the freedom of an American citizen. They have never informed him, or anyone else to the best of our knowledge, as to the nature of the charges, nor have they permitted him to communicate with his family or his government.

I am informed by the Department of State that Donald Dixon and the two Americans, in whose company he was at the time of his abduction, are not the only citizens of our country who have been treated in this way. At the present time the Department of State has knowledge of at least 30 American citizens who are being held by the Chinese Communist regime. At least 30 American citizens, Mr. Speaker, who are being held incommunicado. The Department of State has asked those of our allies who have diplomatic exchange with the Chinese Communist regime to intercede in behalf of these American citizens and several of our friends have done so, but they have received no reply to their inquiries.

On the 25th of March of this year, Ambassador Henry Cabot Lodge, Jr., addressed the Communist delegates of the United Nations and asked them, in view of their professed interest in human rights, about the status and whereabouts of these American citizens, but again his queries went unanswered.

Mr. Speaker, I need not, I am sure, impress you or the other Members of this body with the brutal nature of communism or the basic insincerity of Communist governments in expressing peaceful intentions. We all know of the willful disregard of human dignity and human freedom which has been shown by Communist rulers throughout the world, but this government of the people is required to protect its citizens and has a long history of genuine interest in individual freedom. The Congress of the

United States is in these instances required, in my opinion, to express in formal and certain terms its indignation at this treatment of American citizens by the rulers of Communist China. I have, therefore, Mr. Speaker, today introduced a concurrent resolution by which the Congress would express its indignation at the peremptory arrest and incarceration of Donald Dixon and his compatriots. A resolution by which the executive agencies of the Government be requested to take all possible action to bring about the release of each of these American citizens and by which the Congress expresses its recognition at such inhuman and barbaric action on the part of the Chinese Communist regime conclusively proves its insincerity in claiming peaceful intentions and forms a basic obstacle toward the achievement of world peace.

CORRECTION OF ROLL CALL

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to correct the permanent RECORD of June 15. On roll-call No. 52 the pairs announced that Mr. FOGARTY was for and Mr. DOLLINGER was against. It should appear Mr. DOLLIVER against.

The SPEAKER. Without objection, the permanent RECORD will be corrected accordingly.

There was no objection.

MUTUAL SECURITY BILL

(Mr. JAVITS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. JAVITS. Mr. Speaker, I have heard my distinguished colleague the gentleman from Texas [Mr. BURLESON] member of the Foreign Affairs Committee, state the effect of his motion to defer any consideration of the mutual security bill. Of course, the Foreign Affairs Committee has considered the bill and has reported it out.

Mr. Speaker, I think two points must be clear to the House. First, that the amounts of money which are obligated are amounts of money for ships, planes, and tanks with which to equip men of our allies who may well jeopardize their lives in battle to maintain the security of the free world. As I understand our policy, we want that preparation for the common defense to continue, not to stop. If we do not pass the mutual security bill that process will stop.

As I understand the gentleman from Texas [Mr. BURLESON], he in effect, regrets that the world will not stand still. But the world will not stand still. The Soviets will not stand still, the Communist Chinese will not stand still, and we cannot stand still.

This mutual security bill which will be before the House is an embodiment of the fact that we are going forward with free world defense in our own security and that we are determined not to jeopardize the security of the American people by standing still.

The SPEAKER. The time of the gentleman from New York has expired.

SALARY ADJUSTMENT OF DISTRICT OF COLUMBIA POLICE AND FIREMEN

Mr. KEARNS. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 3795) to adjust the salaries of officers and members of the Metropolitan Police force, the United States Park Police, the White House Police, and the Fire Department of the District of Columbia, and for other purposes, with Senate amendments thereto and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 2, strike out rate table and insert:

"Chief of police.....	\$12,500
Deputy chiefs.....	8,459
Inspectors.....	7,753
Captains.....	6,590
Lieutenants.....	6,009
Sergeants.....	5,521
Corporals.....	5,090
Private, class 4 (3 or more years' service).....	4,641
Private, class 3 (2 or more but less than 3 years' service).....	4,378
Private, class 2 (1 or more but less than 2 years' service).....	4,115
Private, class 1 (less than 1 year's service).....	3,900"

Page 2, line 2, following table, strike out "\$4,000" and insert "\$3,900."

Page 2, line 6, strike out "\$1,300" and insert "\$1,200."

Page 2, line 8, strike out "\$500" and insert "\$465."

Page 2, line 12, strike out "\$300" and insert "\$270."

Page 2, line 14, strike out "\$300" and insert "\$390."

Page 2, after table, renumber lines 1 to 17, inclusive, 3 to 19, inclusive.

Page 3, line 3, strike out "\$400" and insert "\$390."

Page 3, line 14, strike out "five" and insert "three."

Page 5, strike out rate table and insert:

"Fire chief.....	\$12,500
Deputy fire chiefs.....	8,459
Superintendent of machinery.....	8,459
Fire marshal.....	8,459
Battalion fire chiefs.....	7,753
Assistant superintendent of machinery.....	7,753
Deputy fire marshal.....	7,753
Captains.....	6,590
Pilots.....	6,328
Marine engineers.....	6,328
Lieutenants.....	6,009
Sergeants.....	5,521
Assistant pilots.....	5,038
Assistant marine engineers.....	5,038
Inspectors.....	4,813
Private, class 4 (3 or more years' service).....	4,641
Private class 3 (2 or more but less than 3 years' service).....	4,378
Private, class 2 (1 or more but less than 2 years' service).....	4,115
Private, class 1 (less than 1 year service).....	3,900"

Page 5, line 10, strike out "\$4,000" and insert "\$3,900."

Page 6, line 1, strike out "\$400" and insert "\$390."

Page 6, line 11, strike out "five" and insert "three."

Page 9, line 11, strike out "Department or" and insert "Department."

Page 9, line 12, after "Department" insert: ", or Battalion Chief Engineer of the Fire Department."

Page 9, lines 14 and 15, strike out "Chief or" and insert "Chief."

Page 9, line 15, after "Chief", insert "or Battalion Fire Chief."

Page 12, line 11, strike out all after "on" down to and including "act" in line 14, and insert "July 1, 1953."

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Senate amendments were concurred in, and a motion to reconsider was laid on the table.

HILDEGARD SCHOENAUER

Mr. GRAHAM. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 1482) for the relief of Hildegard Schoenauer, with Senate amendments thereto and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments as follows:

Page 2, line 5, strike out "241" and insert "242."

Page 2, line 5, strike out "242" and insert "243."

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Senate amendments were concurred in, and a motion to reconsider was laid on the table.

PRIVATE CALENDAR

The SPEAKER. This is Private Calendar day. The Clerk will call the calendar.

JOHN W. MCBRIDE

The Clerk called the bill (S. 140) for the relief of John W. McBride.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. ROBERTS. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

WILLIAM R. JACKSON

The Clerk called the bill (S. 712) for the relief of William R. Jackson.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to William R. Jackson, administrator of the estate of W. C. Jackson, deceased, the sum of \$11,500 plus interest on such sum at the rate of 4 percent per annum from February 24, 1943, to the date of payment, representing the amount of damages found by the United States Court of Claims (Congressional No. 17859, decided April 8, 1952, in response to S. Res. 137, 81st Cong.), to have resulted from the unlawful taking by the Government of the deceased's fishing grounds and the deprivation by the Government of the deceased's use of his fishing nets in the vicinity of Spesutle Island, Md.: *Provided,* That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid

or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

Mr. ROBERTS. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ROBERTS: Page 1, line 6, strike out the word "plus", after the figure, and all of line 7, and line 8 through and including the word "payment."

Mr. MILLER of Maryland. Mr. Speaker, the effect of the amendment, as I understand it, is to strike out of the bill the allowance for interest in the judgment of the Court of Claims that was included in the Senate bill and has been approved by our Judiciary Committee and reported favorably to this House.

The item, briefly, that is involved is a property right under Maryland law which was seized by the Government due to war necessities. This matter has been pending in the Congress for some years. It was originally introduced in the Senate by Senator Tydings. Eventually the Senate by resolution sent this case to the Court of Claims of the United States to determine the amount that might be due. Last year the Court of Claims, in assessing the damages that had been done through the seizure of this property, fixed the amount of the award in the principal sum of \$11,500. The opinion of the court, which was handed down on April 8, 1952, concludes with this language:

It is our conclusion that the plaintiff has a legal and equitable claim against the United States for \$11,500, plus, as a part of just compensation, interest at the rate of 4 percent per annum from February 24, 1943.

I want you to note that language particularly "plus, as a part of just compensation, interest from February 24, 1943."

The amount claimed by the plaintiffs in court was considerably larger than the amount awarded. The Court of Claims, after very careful consideration, has awarded not only the principal amount but the interest, which in this case amounts to a considerable part of the recovery, \$4,600.

This bill, without amendment, has passed the Senate twice; it has been approved by our own Committee on the Judiciary without amendment, and unlike many cases, this is not an unliquidated contract proposition where, as I understand, we have often stricken the interest as an economy measure. This is the only substantial asset that the widow of this particular former constituent of mine has. After the Court of Claims has gone into the merits of the case and sorted out the facts, and as the court of competent jurisdiction has brought out its solemn judgment and says this should be included, it would seem to me that any hasty action here in the House, where the facts have not been fully explained and where we have not had the opportunity to sit as a court, would be setting a bad precedent. We

would, by adopting this amendment, knock off 40 percent from the judgment allowed by the Court of Claims of the United States, which is certainly the most competent body I know of to determine what is fair to this particular constituent of mine.

These people are not wealthy. This widow needs the \$4,600 very badly, and I would hate to see it stricken from this award just as a theoretical economy.

Mr. ROBERTS. Mr. Speaker, I rise in favor of the amendment.

Mr. Speaker, it is not always a pleasant duty for us to oppose a bill on the Private Calendar, but there are times when we feel it is our duty to do it.

In the first place, this man's fishing rights, you may say, were not of a permanent nature. He held his rights simply in the nature of a revocable license that could be taken away from him at any time by the State of Maryland.

In the second place, the verdict of the Court of Claims is what we call down in Alabama a quotient verdict or a speculative verdict. They had no certain way of fixing his earnings. They simply estimated them.

I would like to read from the opinion:

We think, therefore, that the plaintiff had a sort of property right in his fishing ground, and that the Government took that property from him. But the valuation of what was taken, for the purposes of just compensation, is difficult, for at least two reasons. The first is that he fished only by license from and at the sufferance of the State of Maryland, which could have changed its law at any time and refused him a further license. The second is the considerable fluctuation of the plaintiff's net income from his fishing, during the years before he was forbidden, and upon the basis of which his loss must be estimated. The best that can be done, in our opinion, is to make an estimate, in the nature of a jury verdict, of approximately what the plaintiff's right and prospects would have sold for in 1943. We fix that sum at \$10,000.

They allowed \$1,500 for his nets.

Now, our objection to this award of interest on this total amount goes further than that. He did not actually earn \$11,500 nor \$10,000 the first year, but this court decision attempts to give him interest on the full amount from the date of February 24, 1943.

If I do not make myself clear, what I am trying to say is, in his first year of fishing the court estimated he made, I think, around \$2,000. We would not object to giving him, perhaps, interest on what they estimated he actually earned, but we do oppose giving him interest on a speculative verdict at the full amount from the date of the taking.

Mr. MILLER of Maryland. Mr. Speaker, will the gentleman yield?

Mr. ROBERTS. I yield to the gentleman from Maryland.

Mr. MILLER of Maryland. The gentleman understands that this fishing right, which he refers to as a sort of property right, is one which has the same basis as a holding in real estate.

Mr. ROBERTS. I would just like to say that the action of the State, as to a revocable license, is highly speculative. I think the gentleman will agree with that statement.

Mr. MILLER of Maryland. I am not arguing the merits of this case here, but the annual earnings that were shown on that investment were in the neighborhood of \$2,800 a year. Actually, if capitalized at that value, it would be much larger than the court's award, and there was a larger claim made by the plaintiff. But how can we, after the matter has been tried in a court of competent jurisdiction, in a few minutes here go into the merits of something that the court has studied carefully and embodied in its judgment, that the interest should be allowed because of the circumstances in this case?

Mr. ROBERTS. I will admit that we may be accused of going far, but when the court admits in its own opinion that the damages are highly speculative, I think, then, we have a right not to add interest, retroactive to the time he lost his fishing rights.

Mr. MILLER of Maryland. I agree we have a right to read the opinion, but we must bear in mind that when this bill was originally introduced by Senator Tydings in 1948, the original demand was \$60,000. Now it has been reduced, and you want to reduce it still further.

The SPEAKER. The question is on the amendment offered by the gentleman from Alabama [Mr. ROBERTS].

The amendment was rejected.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

TERRY L. HATCHETT

The Clerk called the bill (H. R. 4097) for the relief of Terry L. Hatchett.

Mr. JARMAN. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

HUNTINGTON, McLAREN & CO.

The Clerk called the bill (H. R. 4329) for the relief of Huntington, McLaren & Co.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of \$3,720 to Huntington, McLaren & Co., of San Marino, Calif., in full settlement of all claims against the United States as reimbursement of excessive payment of custom tax on jute webbing shipped from Calcutta, India, during the period April 3, 1951, to July 23, 1952: *Provided,* That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

small users thereof sufficient quantities to meet their current requirements.

JESSE P. WOLCOTT,
RALPH A. GAMBLE,
HENRY O. TALLE,
CLARENCE E. KILBURN,
BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,

Managers on the Part of the House.

COMMITTEE ON AGRICULTURE

Mr. ARENDS. Mr. Speaker, I ask unanimous consent that the Committee on Agriculture may have until midnight tonight to file a report on the bill H. R. 5659.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. WIGGLESWORTH (at the request of Mr. COTTON), for 1 week, on account of illness.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the Appendix of the RECORD, or to revise and extend remarks, was granted to:

Mr. CLARDY in two instances and to include extraneous matter.

Mrs. ST. GEORGE in two instances and to include extraneous matter.

Mr. JACKSON and to include two articles.

Mr. HOSMER in two instances and to include extraneous matter.

Mr. DORN of New York.

Mr. ANGELL and to include extraneous matter.

Mr. KERSTEN of Wisconsin in five instances and to include extraneous matter.

Mr. SMITH of Wisconsin and to include a resolution by the Hollywood Post of the American Legion.

Mr. DAGUE in two instances and to include in each an editorial.

Mr. JAVITS in four instances and to include extraneous matter.

Mr. YORTY (at the request of Mr. PRICE) in five instances and to include extraneous matter.

Mr. PRICE and to include a letter from the legislative director of the American Legion.

Mr. JONES of Alabama and to include charts and letters in remarks he intends to make in Committee of the Whole on the bill, H. R. 5690.

Mr. RHODES of Pennsylvania and to include an editorial.

Mr. TRIMBLE and to include an editorial.

Mr. HOLTZMAN and to include an editorial.

Mr. LESINSKI and to include an editorial.

Mr. EDMONDSON and to include an editorial.

Mr. ADDONIZIO and to include a resolution.

Mr. SIEMIŃSKI in two instances and to include extraneous matter.

Mrs. KELLY of New York in two instances and to include extraneous matter.

Mr. LANTAFF in two instances and to include extraneous material.

Mr. FENTON and to include a Memorial Day address.

Mr. BEAMER and to include an editorial.

Mr. BOLAND and to include extraneous matter.

Mr. BATTLE and to include a resolution.

Mr. MCCORMACK in two instances and to include extraneous matter.

Mr. BUSHEY in two instances, to include two editorials from the South Town Economist of Chicago, and that the one of the later date follow immediately after the one of the earlier date.

Mr. CURTIS of Missouri and to include three articles.

Mr. JONAS of Illinois and to include extraneous matter.

Mr. HOFFMAN of Illinois (at the request of Mr. JONAS of Illinois) and to include extraneous matter.

Mr. CANFIELD and to include a letter.

Mr. SHEEHAN (at the request of Mr. ARENDS) in two instances and to include two articles.

Mr. RODINO (at the request of Mr. PRIEST).

Mr. KEOGH (at the request of Mr. PRIEST) and to include a magazine article.

Mr. KLEIN (at the request of Mr. PRIEST) and to include an address entitled "Ask United States Food Stocks for Famine Areas" which is estimated by the Public Printer to cost \$196.

Mr. KLEIN (at the request of Mr. PRIEST) in two instances and to include extraneous matter.

ENROLLED BILLS SIGNED

Mr. LECOMPTE, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 4495. An act to amend the Universal Military Training and Service Act, as amended, so as to provide for special registration, classification, and induction of certain medical, dental, and allied specialist categories, and for other purposes; and

H. R. 4730. An act to provide for the conveyance by the United States to the city of Cincinnati, Ohio, of certain lands formerly owned by that city.

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 639. An act to provide for the abandonment of a certain part of the Federal project for the Broadkill River in Delaware; and

S. 1679. An act to repeal certain acts relating to cooperative agricultural extension work and to amend the Smith-Lever Act of May 9, 1914, to provide for cooperative agricultural extension work between the agricultural colleges in the several States, Territories, and possessions receiving the benefits of an act of Congress approved July 2, 1862, and of acts supplementary thereto, and the United States Department of Agriculture.

BILL PRESENTED TO THE PRESIDENT

Mr. LECOMPTE, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H. R. 5174. An act making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1954, and for other purposes.

ADJOURNMENT

Mr. ARENDS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 23 minutes p. m.) the House adjourned until tomorrow, Wednesday, June 17, 1953, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

777. Under clause 2 of rule XXIV, a letter from the Secretary of Commerce, transmitting a report on a case where an officer of the National Bureau of Standards created an obligation in excess of the amount permitted by regulations prescribed and approved pursuant to section 13 of Budget-Treasury Regulation No. 1, pursuant to section 3679 of the Revised Statutes, as amended, and section 15 (e) of Budget-Treasury Regulation No. 1, was taken from the Speaker's table and referred to the Committee on Appropriations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. LECOMPTE: Committee on House Administration. House Resolution 288. Resolution authorizing the Clerk of the House of Representatives to permit the Administrator of General Services to make available certain records of the House of Representatives which have been transferred to the National Archives, without amendment (Rept. No. 562). Ordered to be printed.

Mr. MILLER of Nebraska: Committee on Interior and Insular Affairs. H. R. 335. A bill to amend the mineral leasing laws in order to eliminate the waiver of rentals for oil and gas leases; without amendment (Rept. No. 563). Referred to the Committee of the Whole House on the State of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. FORRESTER: Committee on the Judiciary. H. R. 948. A bill for the relief of William F. Thomas; without amendment (Rept. No. 564). Referred to the Committee of the Whole House.

Mr. BURDICK: Committee on the Judiciary. H. R. 2396. A bill for the relief of Harry Clay Maull, Jr.; without amendment (Rept. No. 565). Referred to the Committee of the Whole House.

Mr. MILLER of New York: Committee on the Judiciary. H. R. 3217. A bill for the re-

lief of Mrs. Florence D. Grimshaw; without amendment (Rept. No. 566). Referred to the Committee of the Whole House.

Mr. BURDICK: Committee on the Judiciary. H. R. 4104. A bill for the relief of Frank St. Charles; with amendment (Rept. No. 567). Referred to the Committee of the Whole House.

Mr. MILLER of New York: Committee on the Judiciary. H. R. 4958. A bill for the relief of the estate of Martin A. Gleason; without amendment (Rept. No. 568). Referred to the Committee of the Whole House.

Mr. CHIPERFIELD: Committee on Foreign Affairs. H. R. 5710. A bill to amend further the Mutual Security Act of 1951, as amended, and for other purposes; without amendment (Rept. No. 569). Referred to the Committee of the Whole House on the State of the Union.

Mr. HOPE: Committee on Agriculture. H. R. 5659. A bill to provide for the transfer of price-support wheat to Pakistan; with amendment (Rept. No. 570). Referred to the Committee of the Whole House on the State of the Union.

Mr. WOLCOTT: Committee of Conference. S. 1081. Defense Production Act Amendment of 1953. (Rept. No. 571). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BONIN:

H. R. 5773. A bill to provide for the refund, under certain conditions, of money paid as premiums on United States Government life insurance or national service life insurance which is canceled for fraud; to the Committee on Veterans' Affairs.

By Mr. BUDGE:

H. R. 5774. A bill relating to the repacking of Irish potatoes which have been introduced or delivered for introduction into interstate commerce; to the Committee on Interstate and Foreign Commerce.

By Mr. DEMPSEY:

H. R. 5775. A bill authorizing the transfer of certain property of the United States Government (in Bruns General Hospital area) to the State of New Mexico; to the Committee on Armed Services.

By Mr. EDMONDSON:

H. R. 5776. A bill to provide for the conveyance of certain lands by the United States to the city of Muskogee, Okla.; to the Committee on Veterans' Affairs.

By Mr. FRELINGHUYSEN:

H. R. 5777. A bill to eliminate the 4-percent gratuity on loans guaranteed under the Servicemen's Readjustment Act, as amended; to the Committee on Veterans' Affairs.

By Mr. JOHNSON:

H. R. 5778. A bill to equalize certain benefits between and among members of the Armed Forces of the United States, and for other purposes; to the Committee on Armed Services.

By Mr. KERSTEN of Wisconsin:

H. R. 5779. A bill to amend the Internal Revenue Code to provide that an individual taxpayer may deduct \$1,000 in dividend income received during the taxable year; to the Committee on Ways and Means.

By Mr. KING of California:

H. R. 5780. A bill to continue until the close of June 30, 1954, the suspension of duty on zinc scrap; to the Committee on Ways and Means.

By Mr. MILLER of California:

H. R. 5781. A bill to amend section 2 of the act approved February 20, 1931, relating to the construction, maintenance, and operation of the San Francisco Bay Bridge; to the Committee on Public Works.

By Mr. NORBLAD:

H. R. 5782. A bill to extend the excess-profits tax for 6 months; to the Committee on Ways and Means.

By Mr. STAGGERS:

H. R. 5783. A bill to provide a transcontinental superhighway with alternate sections; to the Committee on Public Works.

By Mr. WILSON of California:

H. R. 5784. A bill to amend section 6 of the act of August 24, 1912, as amended, with respect to the recognition of organizations of postal and Federal employees; to the Committee on Post Office and Civil Service.

By Mr. FERNÓS-ISERN:

H. R. 5785. A bill to exempt Puerto Rico from the requirements of the act of April 29, 1902, as amended, relating to the procurement of statistics of trade between the United States and its noncontiguous territory; to the Committee on Ways and Means.

By Mr. BATTLE:

H. Con. Res. 112. Concurrent resolution expressing the sense of the Congress that sessions of the General Assembly of the United Nations and sessions of other international organizations should open with prayer; to the Committee on Foreign Affairs.

By Mr. ROOSEVELT:

H. Con. Res. 113. Concurrent resolution expressing indignation of the Congress of the United States at the Chinese Communist regime for the arrest and incarceration of Donald Dixon and his 29 American compatriots; to the Committee on Foreign Affairs.

By Mr. BATTLE:

H. Res. 289. Resolution opposing the admission of Communist China to membership in the United Nations; to the Committee on Foreign Affairs.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By Mr. SMITH of Wisconsin: Resolution approved by both chambers of the Wisconsin State Legislature memorializing the Congress of the United States to enact legislation providing for the withdrawal of the Federal Government from the field of gasoline taxes; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. HOEVEN:

H. R. 5786. A bill for the relief of Otsuka Yumiko; to the Committee on the Judiciary.

By Mr. KLEIN:

H. R. 5787. A bill for the relief of Zacharie Keller Jaffe; to the Committee on the Judiciary.

H. R. 5788. A bill for the relief of Daniel and Riva Danielpour; to the Committee on the Judiciary.

By Mr. MORGAN:

H. R. 5789. A bill for the relief of Marietta DiLiberto (nee Bevacqua); to the Committee on the Judiciary.

By Mr. O'BRIEN of Michigan:

H. R. 5790. A bill for the relief of Frederick George Boughton; to the Committee on the Judiciary.

By Mr. OSMERS:

H. R. 5791. A bill for the relief of Michail Thomakos, Ruth Thomakos and Spiridoula Thomakos; to the Committee on the Judiciary.

By Mr. RODINO:

H. R. 5792. A bill for the relief of Julio Martinez-Lopez; to the Committee on the Judiciary.

By Mr. SMALL:

H. R. 5793. A bill for the relief of Louis F. Agnello (Luigi Flavio Agnello); to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

336. By Mr. CANFIELD: Resolutions adopted by the house of delegates of the Medical Society of New Jersey at the 187th annual meeting in Atlantic City, N. J., favoring an amendment to the Constitution providing that "the Government of the United States shall not engage in any business, professional, commercial, financial or industrial enterprise except as specified in the Constitution"; to the Committee on the Judiciary.

337. By the SPEAKER: Petition of Joe Shepard, Houston, Tex., relative to a redress of grievance relating to injuries and disability suffered in the course of his United States employment; to the Committee on the Judiciary.

338. Also, petition of Union of American Hebrew Congregations, New York, N. Y., relative to condemning those provisions of the McCarran-Walter immigration law that contain national origins quotas; to the Committee on the Judiciary.

MUTUAL SECURITY ACT OF 1953

MINORITY VIEWS

TO ACCOMPANY

H. R. 5710

A BILL TO AMEND FURTHER THE MUTUAL SECURITY
ACT OF 1951, AS AMENDED, AND FOR OTHER PURPOSES



JUNE 17, 1953.—Committed to the Committee of the Whole House on
the State of the Union and ordered to be printed

UNITED STATES
GOVERNMENT PRINTING OFFICE

MUTUAL SECURITY ACT OF 1953

JUNE 17, 1953.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. SMITH of Wisconsin, from the Committee on Foreign Affairs, submitted the following

MINORITY VIEWS

[To accompany H. R. 5710]

This is a time of grave concern for all the people of the United States. Never before in our Nation's "peacetime" history have the objectives of peace and security occupied so much of the time, energy, financial resources, and hope of this country.

The undersigned members of the majority party share equally with the President, and all other members of the Foreign Affairs Committee, profound desire to achieve such peace and security. Strong convictions and the realization that the House is entitled to the full views of the entire committee compels us to present with unchallenged candor the reasons for our belief that H. R. 5710 fails as an adequate measure to meet these objectives.

I. THE STANDARDS OF VALUE

The proposed Mutual Security Act of 1953, H. R. 5710, marks another attempt in a long series of major foreign policy measures to bring about peace and security in a troubled world. Areawise, on a large scale, we started off with an Economic Cooperation Act of 1948. When that proved inadequate, we tried a Mutual Defense Assistance Act of 1949. Then to demonstrate that we were concerned equally with directly raising living standards as well as defense standards, the Congress in 1950 put on the statute books an Act for International Development. In 1951, the phrase "mutual security" was coined to describe what was termed a "new" approach—lumping together in a package bill the above laws and tying them together not too neatly with almost every single piece of legislation that bore the trade-mark "foreign policy," its nebulous connection with "mutual security" notwithstanding.

Up to now, the United States has done the cooperating, the defending, the developing, and the securing. Meanwhile, the American people have done the paying and are becoming convinced that they are not getting their money's worth.

Thus, as a new administration in response to the people's mandate takes up the reins of leadership and responsibility, we feel impelled by virtue of that mandate to scrutinize carefully the program recommended in H. R. 5710.

It is our responsibility to do this to insure—

(1) That no vestiges of prior waste, inefficiency, and poor judgment remain;

(2) That the American people get a better return for the investment they are making in men and in money than has hitherto been the case; and

(3) Further, whether in view of uncertain political conditions in many of the areas receiving our aid, assistance in this bill at this time can be justified.

We believe in a mutual security program. But it must be "mutual," it must bring us closer to the goal of "security," and the vehicle must be a wisely planned program, conceived in sound economic terms and based on what Secretary of the Treasury Humphrey has so aptly described as "balance." H. R. 5710, as reported, falls substantially short of these standards of value. Because we do believe in a mutual security program, we therefore cannot in all good conscience support the so-called Mutual Security Program in H. R. 5710 in its present form.

Let us hasten to add that these standards are not ours. The *first* one, for example—the mutuality—is the basic standard enunciated by the House Foreign Affairs Committee itself. Here are its words when reporting the Mutual Security Act of 1951, the first of the series of Mutual Security Acts:

The committee emphasizes that if the program is to achieve its objective, one element of it especially must be borne in mind by our partners—mutuality. This is a Mutual Security Program. It involves the assumption of mutual responsibilities and mutual sacrifices to achieve a mutually desirable objective—international peace and security. Unless this element of mutuality is clearly understood and effectuated by all concerned, this program cannot, in the opinion of the committee, achieve its purpose. * * *

The *second* standard—"security"—of course goes to the very heart of what we are entitled to expect of a Mutual Security Program. Absolute security is admittedly not yet within the grasp of contemporary man. But unless progress is made toward that goal with each successive Mutual Security Act or its successor, then the program fails to live up to its promise and cannot justify the vast American financial and military efforts made in the name of security.

The *third* standard—balance—applies to the planning of the program, its implementation, its success in maintaining what Secretary of State Dulles has referred to as "an essential balance between our economic health and our military effort." In this connection, the Secretary in his testimony on the bill under consideration stressed that—

The American economy is the very heart of the strength of the free world, but our resources are not unlimited, and we dare not endanger our fundamental economic stability. * * * If economic stability goes down the drain, everything else goes down the drain. * * * The burden of this program is too great for us to finance boondoggles.

II. THE LACK OF BALANCE

Starting first with the last standard—balance—even by the terms of the testimony presentation itself before the committee, H. R. 5710 is not a balanced bill. We have attended the hearings regularly. We have followed the testimony closely. We have studied the bill carefully, both as considered by the committee and as reported. Each successive stage has only served to confirm the lack of balance in the bill and of the mutual security which it promises.

Among the authorizations in the bill are those which can be eliminated, postponed, or reduced, without impairing the effectiveness of mutual security. Other authorizations are undesirable until certain international negotiations are completed or legislation by other countries has been enacted. Still others, in the nature of so-called defense support for Europe, are not balanced by specific military production of commensurate value. In many of the technical and special economic assistance authorizations, dams and other long-range development programs are carried forward despite the clear intent of the Act for International Development against this distortion of "technical assistance" into an international WPA. In still other projects, there are authorizations on the basis of possible need, though very little has been told the committee of how the money would be programed if appropriated.

The above items, when reduced to figures, total a little over \$1 billion. They include:

(1) *Military aid to Spain*.—An authorization of \$10 million for defense support and \$91,091,000 in military assistance is requested for Spain. Negotiations with Spain are not complete, and in the words of a statement placed in the record of the committee hearings by the executive branch, "it is, of course, impossible to be certain of defense support requirements." It must also be pointed out that the executive branch estimates that none of the \$125 million in funds already appropriated for military and economic assistance will be obligated by June 30, 1953, under the present status quo.

(2) *Military assistance to Japan*.—This in effect is an attempt at rearming the nation of Japan behind the backs of the Japanese people. Let us remember, even if the supporters of the bill do not, that chapter II, article 9, of the Japanese Constitution provides:

Aspiring sincerely to an international peace based on justice and order, the Japanese people forever renounce war as a sovereign right of the nation and the threat or use of force as a means of settling international disputes. In order to accomplish the aim of the proceeding paragraph, land, sea, and air forces, as well as other war potential, will never be maintained. The right of belligerency of the state will not be recognized.

The words "war potential" should be stressed because despite this provision of the Japanese Constitution, the United States plans a program which will provide this potential. Calling these forces "home guard," "police force," or "safety forces," cannot alter this basic fact.

(3) *Special defense financing for France*.—There is an authorization of \$100 million to France for the manufacture of artillery, ammunition, and semiautomatic weapons. France has facilities to produce this equipment. As stated in the committee report, however:

The French budget is so overstrained, however, that this capacity would not be used if the money available from the Government of France could not be

supplemented by United States funds. This arrangement differs from offshore procurement in that the United States does not procure or contract for the military equipment. The French Government does the procurement under its normal procedures.

In other words, the amount is being made available for the manufacture of military equipment over which we have had no procurement or contract authority.

(4) *Special weapons*.—What weapons these will be and what makes them “special” we have not been told. This is a “maybe” item, as it has been referred to. Can the supporters of this bill defend \$100 million for a project of this type at this time? The committee report states that “the United States *may* wish to produce for NATO a superior guided missile which *may be* invented by a NATO country.” This *may be* true, but can anyone justify this authorization when viewed against the millions of dollars available to the Defense Department for this purpose through its regularly appropriated funds?

(5) *So-called technical assistance*—which is a minimum of “technical” and a maximum of “assistance”—straight out-and-out financial assistance to bolster budgets and 5-year plans of economic development and to fill dollar gaps. There is no difficulty in demonstrating this fact. The difficulty is in deciding which country to use—there are so many—to describe this distortion of technical assistance. United States projects in India and Pakistan, for example, mesh into the large-scale development programs of each country. All forms of United States assistance in India are geared to that country’s 5-year plan. Yet, as stated in the committee hearings, if this plan is successfully completed, “it will raise per capita income by only a fraction over 1 percent per year.” We do not feel that the United States should subsidize programs of development abroad of the kind that at this very moment are being denied to the American people in the name of economy.

In some items, authorization of carryover of funds is requested although the mutual security evaluation teams recommended against them. These teams, made up of business leaders from various sections of the United States, had been asked by Director for Mutual Security Stassen to survey Mutual Security Agency operations in Europe and Asia, and to make recommendations on these operations. To mention only one such recommendation, there is the defense support item of \$37,500,000 requested for Italy. In this connection, the mutual security evaluation team for Italy made two specific recommendations—“avoid heavy industry, aircraft, and complex electronic purchases” and “the purchase of aircraft, jet engines, and so forth * * * since Italy is not fitted to produce or support them.” In response to a question raised by Mr. Bentley during the hearings on how these specific recommendations can be reconciled with the announced policy, it was developed that the specific recommendations of the evaluation team had been overruled.

Furthermore, this bill is an example of the way in which the Congress is losing its constitutional authority in the control of expenditures. In addition, there is a provision in H. R. 5710 permitting a 10-percent transfer within an area between funds authorized for *different* purposes in the area or between countries or groups of countries in the same area; another provision permits a 10-percent

transfer between *areas* for the same type of assistance as the funds were originally authorized for.

In the case of military assistance, the authorization for fiscal year 1954 involves funds for many military end items to be shipped not in fiscal 1954, not in fiscal 1955, but in fiscal 1956. Unexpended funds are estimated to amount to \$8,038,300,000 by the end of June 30, 1953. Estimated expenditures are estimated by Secretary of Defense Wilson to amount to some \$5 billion for fiscal 1954. Thus, the unexpended balance from present appropriations remaining at the end of fiscal 1954, the fiscal year for which authorizations are requested in this bill, will equal \$3,038,300,000. Thus, if we authorize no funds for fiscal 1954, there would be more than enough military end items to ship abroad. Secretary of the Treasury Humphrey in testifying before the committee pointed out the danger of "getting away out so far in front." He pointed out how the Congress has lost control of expenditures: "At the moment you have not any control over expenditures at all. It is in large part money that was appropriated 1 or 2 years ago. We have not any control over it and you have no control over it. You are just paying the bills as the stuff comes in. The way to stop that is to stop buying ahead." We don't stop buying ahead in this bill.

III. MUTUALITY

Turning to the "mutuality" test, can anyone maintain that the basic doctrine enunciated by the House Foreign Affairs Committee in this respect is being complied with? The people, especially in Europe, are not contributing as great a share of the expenses to their own defense as the United States is contributing to that defense. Henry Hazlitt, top economic affairs reporter for Newsweek magazine, points out in the June 15, 1953, issue of that periodical that—

Our foreign aid program, once mainly economic, is now mainly for defense. Congressmen hesitate to criticize it because they think it involves primarily a military question. It still involves, in fact, primarily an economic question, for it rests on two invalid economic assumptions: (1) That Europe cannot afford to pay for its own defense, and (2) that the amount we give for defense aid all goes to increase foreign defense. Here are this fiscal year's armament expenditures of 10 of our aid beneficiaries stated as a percentage of (1) their total central governmental expenditures (TGE) and (2) their gross national product (GNP). The record of these European countries is compared with our own:

Defense expenditures

Country	Percent of total central government expenditures	Percent of gross national product
Belgium-Luxembourg.....	23.6	6.3
Denmark.....	24.2	3.5
France.....	37.6	11.2
Greece.....	39.0	8.5
Italy.....	26.4	5.8
Netherlands.....	23.3	6.2
Norway.....	26.5	5.0
Portugal.....	35.5	5.0
Turkey.....	40.8	6.5
United Kingdom.....	37.2	12.0
United States.....	71.3	15.0

The United States, in brief, is spending on national defense more than 4 times as much absolutely as these 10 nations combined (some \$53.2 billion against a total of \$11.8 billion). It is also spending much more relatively—15 percent of its gross national product against an average of 7 percent for the 10 beneficiaries. * * *

Yet the United States, which is giving the defense aid, is spending some 70 percent of its total budget on defense, whereas the countries receiving the aid are spending on the average only some 30 percent of their total budget on non-defense. This is another way of saying that while we in the United States can afford to spend only 30 percent of our total budget on nondefense items, the European beneficiaries of arms aid are lavishly spending some 70 percent of their total budgets on nondefense items. They are robbing their own defense at the cost of comparative luxuries (including deficits on their nationalized industries).

This relationship cannot be excused on the plea of poverty. On the contrary, in the foregoing table it is Greece and Turkey that have the highest relative defense budgets. Yugoslavia devotes some 80 percent of its total spending budget to defense, and Nationalist China about 57 percent. The 10 countries in the table spend altogether a modest \$11.8 billion on defense and some \$34.2 billion on nondefense. Suppose we assume that we are contributing some \$4.2 billion a year to their defense. Why can't they, instead, take this out of their non-defense expenditures (which would still leave them some \$30 billion for this purpose) and add it to their defense expenditures (which would still be only about half of their nondefense expenditures)?

It is relevant here to point out that whatever money or material we give to a European government for defense aid, however specifically earmarked, can simply release that much of that country's own funds for additional nondefense expenditures.

C. L. Sulzberger, ace reporter of the New York Times, writes from Paris, on June 10, 1953, that—

The political complexion of Europe is beginning to change in a manner that can be considered only as unfavorable to the policy and interests of the United States. This is the lesson to be deduced from the Italian election results announced today, from the inferences to be drawn from certain aspects of the French political crisis, and from certain implications of the Soviet "peace offensive" as it perseveres on this Continent. * * *

Everybody knew that the Communists and their allies remained menacing. Italy has the largest Communist Party in any democratic country. But, whereas 5 years ago a great many people of monarchic and fascistic leanings recognized the need for submerging these in favor of a center coalition, similar restraint is now less apparent. * * *

This change in Italy coincides with a perceptible shift in the overall attitude of the French. The fact that Pierre Mendes-France failed to win Assembly approval as new Premier by the narrowest of margins last week demonstrated how the wind is blowing. * * *

The growth of an apparently more solid leftist opposition in France and the reduction of Premier de Gasperi's working majority in Italy makes more difficult the prospect of obtaining ratification of the European defense community and West German rearmament. Yet this is one of Washington's cardinal policies.

What impact the gradual growth of anti-American political feeling has had in West Germany cannot be ascertained accurately until the elections in the Federal Republic late this summer. Yet there are many signs that on both the extreme right and the extreme left opinion is nibbling into Chancellor Konrad Adenauer's uneasy moderate majority.

Within the past few weeks we have witnessed a shift in the Allied front; the unity which was boastfully asserted in the past is on the wane. The British and French appear willing to accept the Kremlin's promise to be good—at least in the Far East. In Europe, however, they want "Uncle Sam" to foot the bill. In this area they are not too sure about Soviet promises; they prefer to rely on American dollars. So the policy is one of trust in Asia and distrust in Europe.

How can we justify continued confidence in our allies when they lack a mutual confidence in us, as evidenced by an ever-increasing anti-Americanism on the move? This has been vividly described by Constantine Brown, in the Washington Evening Star of June 11, 1953:

The unmistakable trend for amity with the U. S. S. R. and dictatorships at the price of political appeasement is stronger today in Europe than at any time since before World War II. Most of our western European allies appear determined to clear the decks, that is to say, renounce if necessary the American billions, in order to bring about political-commercial understanding with the Reds. The Italian election of this week is one of the several straws in the wind. Premier de Gasperi and his government were labeled as pro-American. There is no doubt that a number of other considerations have contributed to his setback. But his pro-Americanism is said to have been one of the reasons why the Italian electorate turned in such numbers to the extremist anti-American candidates.

There are those, like Director for Mutual Security Stassen, who maintain that comparing the situation, for example, in France in 1947, with the picture in that country today, is an indication of the progress that has taken place there in fulfilling their part of the Mutual Security Program. But, as was stated by Hon. Omar Burleson during the committee hearings:

I recognize that comparison, Mr. Secretary, and appreciate it. On the other side of the ledger, however, in 1947 and 1948 they did not have the threat of Russian aggression hanging over them as in more recent years and as we have it today. So the comparison in that respect, it seems to me, hardly holds water. Yes, certainly, improvements have been made, but on the other hand the threat is much greater and therefore the improvements should be accordingly parallel to meet the threat. That is what I mean. Certainly I do recognize that conditions have improved. They could not have gotten much worse except for France to have completely capitulated to communism.

In the past programs, the Congress has stated as a basic principle of aid that the countries of Europe must unify and integrate their efforts as an indispensable part of the process of attaining "mutuality." Since that has not been accomplished, the United States now says in this bill, "You have not been able to unify, you have not been able to integrate, but we still will give you 50 percent of the funds anyway." This is the effect of the provision in the bill that—

not less than 50 per centum [of the \$2,079,689,870 in military assistance funds] shall be made available only for the organization referred to in clause (C) of section 2 (b) [the EDC].

As stated in the report of the Special Study Mission of the House Foreign Affairs Committee to Europe, undertaken in April 1953:

The question should be asked: Will continued United States aid increase the will of European countries to help themselves. The study mission believes that future foreign-aid appropriations should be viewed in the light of progress being made to the establishment of the European Defense Community. The defense of Western Europe would seem to rest on the organization of the European Defense Community now subject to ratification. Until the future of the European Defense Community is known, it is difficult to plan additional United States military assistance.

Thus far, "mutuality," insofar as the recipients of our aid are concerned, has been a figment of legislative hope. The concept has not become a reality for them. Pouring forth vast sums from our Treasury has not made it any more realistic for them.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 18, 1953
For actions of June 17, 1953
83rd-1st, No. 110

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HIGHLIGHTS: House debated 2nd independent offices appropriation bill. House Rules Committee cleared wheat-for-Pakistan and mutual security bills. House agreed to conference report on economic controls bill. Senate committee ordered reported Interior appropriation bill.

HOUSE

1. **FOREIGN AID.** The Rules Committee reported a resolution providing for the consideration of H.R. 5659, to provide for the transfer of price-support wheat to Pakistan. This bill directs the Commodity Credit Corporation to make available to the President up to 1 million long tons of wheat (approximately 37 million bushels) to be transferred to the Government of Pakistan in order to alleviate starvation and famine conditions in Pakistan and to provide that country with some reserve supply of this important food grain. The wheat will come from stocks of the Commodity Credit Corporation acquired pursuant to price-support operations. The bill provides that no wheat shall be transferred to Pakistan until the United States and Pakistan have entered into an agreement as to its use and distribution. This agreement is to include the following provisions:

(1) Distribution of the wheat without discrimination among the people of Pakistan and without cost to those who, through no fault of their own are unable to purchase it; (2) full publicity to the assistance furnished by the people of the United States; (3) unrestricted observation of the distribution procedure by United States observers; (4) utilization of any local currency derived by Pakistan from the sale of donated wheat, in a manner agreed upon by the United States and the Government of Pakistan, for programs to increase food production in Pakistan and other projects of mutual interest to the two countries; (5) allocation of 5 percent of the local currency received for the use of the United States within Pakistan; and (6) the taking of all appropriate measures to reduce and prevent further relief needs. The bill also authorizes an appropriation for the purpose of making payment to the Commodity Credit Corporation for the wheat made available to Pakistan. The Corporation, however, is authorized to make the wheat available in advance of receiving payment therefor.

The Rules Committee reported a resolution providing for the consideration of H.R. 5710, the Mutual Security Agency authorization bill (p. 6963).

2. APPROPRIATIONS. Concluded debate on H.R. 5690, 2nd independent offices appropriation bill for 1954, but deferred final action until today, June 18 (pp. 6909-62).

Rejected the following amendments:

By Rep. Cooper, by 83-154, to increase funds by \$30 million for construction of a steam plant at the Fulton site, Tenn. (pp. 6914-26).

By Rep. Andrews, by 33-114, to delete language preventing the moving of TVA headquarters to Muscle Shoals, Alabama (pp. 6926-30).

By Rep. Jones (Alabama), by 46-101, to increase TVA funds by \$2,377,000 for resource development (pp. 6931-2).

The Appropriations Committee reported H.R. 5805, the legislative-judicial appropriation bill for 1954; and the Rules Committee reported a resolution for its consideration (H. Rept. 598) (p. 6971).

3. ECONOMIC CONTROLS. Agreed to the conference report on S. 1081, providing for temporary economic controls (pp. 6907-8). For provisions of the conference report see Digest 109.

4. RUBBER. The Armed Services Committee reported with amendment H.R. 5728, to authorize disposal of Government owned rubber-producing facilities (H. Rept. 593) (p. 6971).

5. WAR POWERS. Passed without amendment H.R. 2557, to extend title 2 of the First War Powers Act (contract authority of the President) through June 30, 1954 (pp. 6969-70).

SENATE

6. APPROPRIATIONS. The Appropriations Committee ordered reported (but did not actually report) with amendments H.R. 4828, Interior appropriation bill for 1954. The "Daily Digest" states: "As approved, the bill would provide for a total of \$451,256,940, an increase of \$45,126,597 over the House-passed figure of \$406,130,343." (p. D569.)

The Appropriations Subcommittee ordered reported to the full committee with amendments H.R. 5376, Army civil functions appropriation bill for 1954 (p. D569).

7. CONTRACTS. The "Daily Digest" states that the Government Operations Committee ordered reported as a committee amendment, an amendment to S. 690, to amend the Federal Property and Administrative Services of 1949 relating to lease-purchase agreements. "This amendment would provide for submission of lease-purchase agreements to the President of the Senate and Speaker of the House for reference to appropriate committees." (p. D570.)

ITEMS IN APPENDIX

8. FOREIGN TRADE. Extension of remarks by Rep. Sieminski discussing how high a tariff should be (p. A3720).

Extension of remarks by Rep. Pelly in favor of H.R. 5495, to extend the reciprocal trade agreements authority for 1 year (pp. A3728-29).

9. CATTLE INDUSTRY. Extension of remarks by Rep. Rogers (Tex.) stating that the small rancher and cattle farmer is in danger of "bankruptcy and annihilation" from falling cattle prices and an unprecedented draught, and inserting a petition on this subject (pp. A3720-21).

CONSIDERATION OF H. R. 5710

JUNE 17, 1953.—Referred to the House Calendar and ordered to be printed

Mr. ALLEN of Illinois, from the Committee on Rules, submitted the following

R E P O R T

[To accompany H. Res. 292]

The Committee on Rules, having had under consideration House Resolution 292, report the same to the House with the recommendation that the resolution do pass.

26008



House Calendar No. 79

83D CONGRESS
1ST SESSION

H. RES. 292

[Report No. 600]

IN THE HOUSE OF REPRESENTATIVES

JUNE 17, 1953

Mr. ALLEN of Illinois, from the Committee on Rules, reported the following resolution; which was referred to the House Calendar and ordered to be printed

RESOLUTION

1 *Resolved*, That upon the adoption of this resolution it
2 shall be in order to move that the House resolve itself into
3 the Committee of the Whole House on the State of the
4 Union for the consideration of the bill (H. R. 5710) to
5 amend further the Mutual Security Act of 1951, as amended;
6 and for other purposes, and all points of order against said
7 bill or any provisions contained in said bill are hereby waived.
8 After general debate, which shall be confined to the bill and
9 continue not to exceed five hours, to be equally divided and
10 controlled by the chairman and ranking minority member of
11 the Committee on Foreign Affairs, the bill shall be read
12 for amendment under the five-minute rule. At the con-

1 clusion of the consideration of the bill for amendment, the
 2 Committee shall rise and report the bill to the House with
 3 such amendments as may have been adopted and the pre-
 4 vious question shall be considered as ordered on the bill and
 5 amendments thereto to final passage without intervening
 6 motion except one motion to recommit.

RESOLUTION

Providing for the consideration of H. R. 5710,
 a bill to amend further the Mutual Security
 Act of 1951, as amended, and for other pur-
 poses.

By Mr. ALLEN of Illinois

JUNE 17, 1953

Referred to the House Calendar and ordered to be
 printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 19, 1953
For actions of June 18, 1953
83rd-1st, No. 111

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HIGHLIGHTS: Senate debated conference report on economic controls bill. Senate completed final congressional action on flammable fabrics bill. Senate committees reported mutual security and Interior appropriation bills. House passed 2nd independent offices appropriation bill. House debated mutual security bill.

HOUSE

1. APPROPRIATIONS. Passed, 394-2, with amendments H.R. 5690, the second independent offices appropriation bill for 1954 (pp. 7043-44).
2. FOREIGN AID. Concluded debate on H.R. 5710, the Mutual Security Agency authorization bill (pp. 7048-87). Rep. Chipenfield stated that reductions could be made in Point-4 by limiting its purpose to the sharing of technical skills (p. 7053).

Received an American Friends of the Middle East petition supporting the shipment of 1 million tons of wheat as a grant to Pakistan (p. 7093).

3. FLOOD CONTROL. Received reports on the Fryingpan-Arkansas project, Colo. (Interior Department), (H. Doc. 187), and on the feasibility of providing flood control protection on the Arkansas River at Enid, Okla. (H. Doc. 185), and on the Lower Mississippi at New Madrid, Missouri (H. Doc. 183) (p. 7092).

SENATE

4. ECONOMIC CONTROLS. Began debate on the conference report on S. 1081, providing for temporary economic controls, and agreed to vote on this report Mon., June 22 (pp. 6993-7005, 7008-16).
5. FLAMMABLE FABRICS. Passed without amendment H.R. 5069, to prohibit the introduction or movement in interstate commerce of articles of wearing apparel and fabrics which are so highly flammable as to be dangerous when worn (p. 6989). This bill will now be sent to the President.

6. MARGARINE. The Armed Services Committee reported without amendment S. 1806, to amend the Navy ration statute so as to authorize the serving of oleomargarine or margarine (S. Rept. 447) (p. 6974).
7. FOREIGN AID. The Armed Services Committee reported with amendments S. 2128, to continue the mutual security program for 1954 (S. Rept. 444) (p. 6974).
8. APPROPRIATIONS. The Appropriations Committee reported with amendments H.R. 4828, the Interior appropriation bill for 1954 (S. Rept. 445) (p. 6974).
9. PURCHASING. The Judiciary Committee reported with amendments S. 848, to prescribe policy and procedure in connection with construction contracts made by executive agencies (S. Rept. 448) (p. 6974).
10. SMALL BUSINESS; TAXATION. The Select Committee on Small Business submitted a report, "Tax Problems of Small Business" (S. Rept. 442) (pp. 6974-5).
11. PERSONNEL. Passed as reported S. 1684, to facilitate civil-service appointment of certain veterans (pp. 6990-1). This bill preserves and restores the eligibility for probational appointment of those who were on a civil-service register and eligible for probational appointment, and who lost opportunity for such appointment because of their service in the Armed Forces after June 30, 1950. It also provides that upon probational appointment, the veteran's rate of compensation, seniority rights, grade and time-in-grade, and within-grade step increases shall be based and determined as if he were appointed the date the lower ranking eligible was probationally appointed. It directs the CSC to place these veterans on an appropriate register with the same priority that is extended to World War II veterans. The veteran must have been discharged "under honorable conditions," be qualified for the duties of the position, and make application therefor within 90 days after his separation.
The Banking and Currency Committee reported with amendments S. 1458, to continue employee war-risk hazard and detention benefits until July 1, 1954 (p. 6974). The bill was then considered and passed over on Sen. Thye's objection (pp. 6991-92).
12. CREDIT UNION. Passed as reported S. 1665, to amend the Federal Credit Union Act (relating to payment of dividends to members) (p. 6985).
13. ELECTRIFICATION. Passed without amendment S. 2097, to increase the amount authorized to be appropriated for the construction of the Eklutna hydroelectric project, Alaska, from \$20,365,400 to \$33 million (pp. 6981-2).
Sen. Kefauver opposed the proposed execution of a contract between the Bonneville Power Admin. and private utility companies in the Northwest whereby power from the BPA would be distributed through nine companies, and inserted a statement opposing this contract from purchasers claiming 99% of all power purchases in this region (pp. 7033-9).
14. RESEARCH. Passed as reported S. 977, to amend the National Science Foundation Act to provide an "open-end" authorization (p. 6987).
15. HOUSING. Agreed to the committee amendments to S. 1993, to amend the National Housing Act and the Servicemen's Readjustment Act of 1944 with respect to maximum interest rates, and then passed over the bill (pp. 6982-83).
16. TREATIES. Agreed to a committee amendment in the nature of a substitute and then passed over S. J. Res. 1, proposing a constitutional amendment to limit the

cessfully pointed the way to the establishment and subsequent development of Lancaster.

John Prescott, like his contemporaries, was a lover of liberty. To achieve his goal he was willing to make every necessary sacrifice. His will of steel would not be twisted either by political opposition or physical danger. He was unselfishly devoted to his task of setting up a free community in Lancaster. From that task he was never swerved.

He left a rich legacy which undoubtedly enabled his descendants to carry out the great work he had so magnificently begun. His descendants and successors have fought in every American war from Concord and Lexington to Korea and many of his lineal relatives still inhabit Lancaster and surrounding towns. I wish I had time to elaborate upon the life of this great man, who was Christian and American to the very roots of his being.

What he and his associates would think of the chaotic political scene that spreads before us of this generation, I do not know. But I can well imagine the chagrin, disappointment, disapproval, and uncompromising opposition which John Prescott and his followers would exhibit at the sorry spectacle of subversion, appeasement, encouragement of godlessness, shattered moral principles, betrayed political ideals, weird and baffling social policies, ill-conceived and extravagant international theories, and the general moral deterioration which afflicts our country and mankind.

John Prescott and his followers lived before the time of Bunker Hill. But in the best sense, they were Bunker Hill Americans who loved their country, its institutions, its freedom, its independence, its opportunity for wholesome family life, and for achievement in the various fields of human endeavor. To them the wanton distortion of the solid values of morality, political principles, and fundamental economic patterns for which they laid the foundation would cause them to turn over in their hallowed graves and bewail and lament the narrow vision, contradictory statesmanship, lack of counsel and wisdom on the part of leadership, want of burning interest in governmental affairs and other vital affairs on the part of the American people themselves which appear to be so much a part of our contemporary life.

They would doubtless construe these happenings, as many construe them, as tragic omens for their country, of fearful forebodings of the inevitable fate which history has decreed throughout recorded time for all peoples, however great and powerful, who turn their backs upon the things of the spirit to worship the God of Mammon and sordid materialism and who ignore their basic obligations to protect and preserve basic liberties and fundamental moral and political values.

We of this generation can, if we will, draw incalculable lessons from the sterling example of John Prescott and the early Lancaster founders. The hour is late for free America because unbelievable destructive movements are sweeping through the Nation and the world.

Unless there shall be a revival and a reawakening of the solid underlying values of American life and government, exemplified so well by these great men and women of the past, unless there shall be a firm resolve on the part of our entire people once again fervently and tenaciously to embrace the principles, practices, and virtues which made this Nation great, unless we can spiritually mobilize as a single, dynamic force against the godless inscrutable enemies who are spreading the poison of subversion in our midst and fomenting insurrection, revolution, and war throughout the world, our situation, in the not too distant future, will be grave. Indeed it is grave today. The signs are already written upon the wall. If we would save our precious heritage bequeathed us by the John Prescotts of the past, we had better heed and act upon them before we, too, shall join that numerous, miserable company of great nations which have succumbed to their own weakness of resolution and insidious propaganda, diabolical infiltration or unwarranted, unjust aggression by ideological Communist tyrants.

The task of girding America for the struggles and dangers ahead is colossal. It will require all our resources. Wealth alone will not suffice. Economic strength is not adequate. Material power, though imperative, will not avail. There must be a spiritual remobilization, a rededication to the ideals of John Prescott and the American founders, an inflexible, undying determination buttressed by unflinching courage, accompanied by undiluted, undivided loyalty, executed with invincible purpose, by a united and unified American people, consolidated and reinforced by the collective will of the Nation irrespective of race, color, creed, or class, all aiming to the one great indispensable end—protection of the Nation and the preservation of our way of life. Should we fail in this great end, all will be lost and make no mistake about it.

Shall we meet this challenge in the spirit of those who built this Nation? Or shall we bathe in Pollyannish luster, exalting material comforts and pleasures, benumbed by satiety, basking in indifference until the modern Huns and Vandals furiously storm upon our gates and their domestic fellow travelers complete their dastardly work of first poisoning the minds and hearts of Americans, as they are doing today, and then delivering the Nation to unspeakable totalitarian bondage.

"Is it too late?" one often hears. I do not think so. I have complete confidence in the American people and the unexcelled people of my district to whom I owe so much and who have repeatedly honored me, I fear, far beyond my deserts.

There has been no people in all history so great, so inspired, so unselfish as a whole, so idealistic, so patriotic, devoted and loyal as the American people. To my mind, once they are fully informed, once they are fully aroused to the dangers, to the enormous iniquities, to the real scope and seriousness of the "Great Red Lie" and its apparatus in this Na-

tion, to its ruthless, unjust oppressions, to its vision and aim of the world Red conquest, to its incessant evil conspiracy in this country, the American people will act. They will act as they have always acted in the past—decisively and resolutely in the protection of their blessed legacy.

American history abounds in examples of the invincible moral power of our democracy once the people recognize the need. Other times have had their grave problems. Even in the early days of Lancaster, physical peril was almost ever present and spiritual leaders inveighed time and time again against the moral laxity and irresponsibility of the hour. That has been true throughout the lifetime of the Nation.

Yet any American who does not perceive that we are in graver danger than ever before is hardly attuned to the events transpiring before our very eyes. I feel somehow that perhaps the greatest danger emanates from ourselves, our casual appraisals, our overconfidence in our strength, our procrastination in facing the issues, our apathy in not moving swiftly, effectively, and courageously toward the obvious solutions.

In this enlightened and advanced age of scientific miracles, of huge agricultural and industrial productivity almost beyond the imagination, of rich blessings the Almighty has bestowed upon us in the form of higher material standards than the world has ever known, there is neither need nor desirability for us to practice the harsh frugality of the Lancaster founders. On the other hand, we cannot afford to practice profligacy and waste of our resources, material or human. We cannot afford the dangerous luxury of a paternalistic government that would dissipate the fruits of our people's labors and decimate the incentive of our enterprising citizens by socialistic programs at home and abroad. Thank God there is enough for everyone in America who is willing to work to enjoy our high standard of living—a standard that will steadily increase in the future if we but show the wisdom in our statecraft to protect and guard those free institutions and patterns which are responsible for it.

But there must be strict accountability imposed upon Government at every level to insure economy, efficiency and that prudence and practical, sensible judgment and behavior in public affairs that will militantly reject corruption and malfeasance and at the same time provide for the people every essential service designed for their convenience, happiness, security, and welfare which a modern, forward-looking government can and should provide for its citizens.

There is no Aladdin's Lamp which can miraculously produce a lasting peace in a world torn apart by Communist villainies. Yet our duty as Americans is clear. We must never cease working for that peace and brotherhood which the Prince of Peace Himself desires us to ordain.

The Soviet will press just as far as it can. There is no weapon of deceit, treachery or force it will not employ if world conditions and military timetables

permit. Time has been running on the Soviet side since 1945. Each passing day with world peace unestablished strengthens her position. Each day sees her more fully equipped militarily. Each day adds to her mastery of the atomic bomb and other destructive weapons. Each day brings new political victories for communism in other nations. Each day spreads her domain of influence and control.

In these circumstances this Nation must be strong, not only in great military and aerial striking force, but strong in production and economic weapons, and above all strong in the things of the spirit—strongest of all in our will to face up to every contingency, every sacrifice necessary to defend our way of life.

A truce or a peace that is based on betrayal of principles, appeasement and justice is not only morally repugnant to Americans but will only serve to defer the evil day of reckoning and complicate and increase the magnitude of these great problems.

There is no substitute for victory and there is no substitute for courage and if this Nation abandons its principles in favor of a Carthaginian peace of appeasement, we will surely rue the day because our allies, already seriously at odds with our policies, demonstrably unwilling to share properly and fairly in the burdens of war against aggression, will interpret our appeasement as a further and unpardonable sign of weakness and will join a bandwagon movement in the United Nations and elsewhere to the side of the Soviet. In fact that trend is already apparent.

A truce or peace to endure must be honorable. It must be just. It must be wise. Pray God let no stain of dishonor or craven cowardice come upon the proud, undefiled escutcheon of America.

The principles, traditions, and values promulgated in Lancaster over 300 years ago are rooted deep in the soil of this Nation. The people of Lancaster have kept them alive in the words and deeds of men like John Prescott and Herbert Parker down to the present hour.

It is for us this day, as we proudly join the citizens of Lancaster in celebrating and commemorating its glorious past, to realize that in these simple truths can be found the key to the salvation of America and the free world. Let us devoutly and resolutely embrace them while we may.

Fifty years ago, Lancaster celebrated its 250th anniversary with outstanding public exercises presided over by Rev. George M. Bartol, D.D., and attended by many State and national dignitaries, including the then Governor of Massachusetts, the Honorable John L. Bates, several United States Senators and Congressmen, other distinguished guests, and a great concourse on the green of citizens and their friends.

The impressive exercises were divided into two parts: First, a religious memorial celebration in the meeting house of the first parish, and then, the civic celebration on the green. The illustrious spiritual leader, Rev. Dr. Bartol, presided over the first, and the celebrated and eloquent Hon. Herbert Parker, over the second. Moving addresses were delivered by several dignitaries, in-

cluding a famous United States Senator from the great State of Indiana, a descendant of Lancaster, the Honorable Charles Warren Fairbanks; the Governor of Massachusetts, the Honorable John L. Bates; ex-Governor George Boutwell; that great intellect, lawyer, and orator, Massachusetts' own Senator Hoar; the Honorable Henry S. Nourse, and the Honorable Charles Francis Adams, a great American and the Representative of the Massachusetts Historical Society.

In addition, prayers were offered by the beloved Father John M. O'Keefe, then pastor of the Catholic parishes in Clinton and Lancaster, and remarks were also made by that distinguished divine, Rev. Edward A. Horton, of Boston, and the Honorable Arthur P. Rugg, native of Sterling and later to become and to serve so faithfully and conspicuously as one of the most distinguished chief justices ever to grace our Massachusetts Supreme Court, and Hon. Christopher C. Stone, able and respected judge of the Clinton District Court.

I can think of no better way to conclude my remarks, congratulatory and commemorative, of Lancaster's glorious 300th year history than by repeating the closing eloquent phrases of the distinguished principal orator of the day, Senator Fairbanks:

At the close of this memorable day, we shall turn our faces to the future. We shall plan and toil until the celebration of the 300th anniversary of the birth of Lancaster. What shall those speak who shall then assemble here? There is no vision so penetrating that it can see as far in advance of the present hour. There is no seer with wisdom profound enough to open to us the mystic volume of the next 50 years. We are not filled with anxiety as to the half century which lies immediately before us. Hope tells us to look up, not down. She tells us that if we but carry into the future the work and the faith of the fathers, we shall surely go forward, expanding in knowledge and power, and that the roots of our institutions will strike deeper into the affections of the people, and that through the united efforts of the East and the West, the North and South, blended into one sublime word "America," our primacy will be established and everywhere acknowledged, and that in the future, as in this hour, our chief glory will be that wisdom, justice and mercy will preside over us and the destiny of the great republic.

PERSONAL ANNOUNCEMENT

(Mr. CHELF asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. CHELF. Mr. Speaker, as a member of the House Judiciary Committee, to which the Wheeler resolution calling for the impeachment of Justice Douglas, has been referred, I cannot and will not voice an opinion at this time as to the merit or demerits of the matter, for to do so would be placing myself in the position of judging a case before the evidence had been heard. This is as it should be. However, I hold in my hand a bill that I shall introduce forthwith for repeal of the existing law that now permits an individual member to set himself up as a one-man Supreme Court.

The Rosenbergs were tried and convicted by a court of competent jurisdiction in 1951. In February of 1952 the United States Court of Appeals in New

York unanimously upheld the Rosenbergs' conviction and their sentence. On October 13, 1952, the Supreme Court of the United States refused to review the case by an 8-to-1 vote. On November 17, 1952, the Supreme Court again refused a review of the case by a vote of 8 to 1. Later on, in January 1953, Judge Kaufman granted a stay of execution to allow for a clemency appeal to President Harry S. Truman. The President took no action. On February 11, 1953, President Eisenhower refused a reprieve or executive clemency, stating that he—President Eisenhower—had found "neither new evidence nor mitigating circumstances" and that the Rosenbergs had been "accorded their full measure of justice." On May 25, 1953, the Supreme Court for the third time refused to review the case by a 7-to-2 vote, Justices Black and Douglas dissenting. On May 26, 1953, Chief Justice Vinson refused to grant a further stay of the conviction, since rescheduled for June 18, 1953. On June 15, 1953, the Supreme Court decided by a vote of 5 to 4 to turn down new appeals for a review and for a stay of execution. Justice Douglas was among the four dissenting justices. Later, on the same day, June 15, 1953, the full Supreme Court voted 7 to 2 against a petition to file a writ of habeas corpus. On June 16, 1953, new appeals were filed with Justice Douglas. Notwithstanding the fact that the full Supreme Court had acted adversely in the Rosenbergs' case on six different occasions, Justice Douglas took it upon himself to literally take charge of the situation in the absence of the Court which had adjourned in the interim, and by so doing practically voided the will of the majority of the Supreme Court.

The Congress has given the right in title 28, section 1651 (b), United States Code, for an individual justice to act. By the action taken by Justice Douglas, I am of the opinion that the authority previously conferred upon the Court has been abused. I, therefore, hope that the House Judiciary Committee, of which I am a member, will—when this bill is referred to it—act promptly and favorably, and that the House will likewise pass the legislation.

SPECIAL ORDER GRANTED

Mr. MADDEN asked and was given permission to address the House for 10 minutes on tomorrow, at the conclusion of the legislative business of the day and any other special orders heretofore entered.

MUTUAL SECURITY ACT, 1951

Mr. ALLEN of Illinois. Mr. Speaker, I call up House Resolution 292, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 5710) to amend further the Mutual Security Act of 1951, as amended, and for other purposes, and all points of order against said bill or any provisions contained in said bill are hereby waived. After general debate, which shall be confined to the bill and continue not

to exceed 5 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. ALLEN of Illinois. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, this, as you know, is an open rule which provides for 5 hours of general debate, after which the bill will be read for amendment.

It is my understanding that there are some who are opposed to the bill in its entirety. It is also my understanding that there are some who feel that the amount in the bill should be reduced. However, I know of no one who is opposed to the rule.

Mr. Speaker, I yield 30 minutes to the gentleman from Virginia [Mr. SMITH].

Mr. SMITH of Virginia. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. LYLE].

[Mr. LYLE addressed the House. His remarks will appear hereafter in the Appendix.]

(Mr. LYLE asked and was given permission to revise and extend his remarks.)

Mr. SMITH of Virginia. Mr. Speaker, I yield 10 minutes to the gentleman from Texas [Mr. BURLESON], a member of the Committee on Foreign Affairs.

(Mr. BURLESON asked and was given permission to revise and extend his remarks.)

Mr. BURLESON. Mr. Speaker, I thank the gentleman from Virginia for being kind enough to give me time on the rule. There is a particular reason why I did request time now rather than in general debate. I am sure the ranking minority member of the Committee on Foreign Affairs would have given me time, but it would not have offered opportunity to oppose the rule before us. It so happens that I can agree with my colleague from Texas who just preceded me and at the same time oppose this rule. If that sounds inconsistent, there is a reason why it is not.

At the conclusion of the hearings on this bill by the Committee on Foreign Affairs I introduced an informal motion that further consideration of it be postponed for several months; that the committee be subject to the call of the chairman, and that the committee reconvene not later than December 1 of this year, if not called sooner by the chairman, to "have a new look," so to speak, at world conditions.

Can we today authorize approximately \$5 billion as just mentioned, and as referred to by my colleague from Texas [Mr. LYLE], with very much intelligence when we look at all the imponderables around the world today? I asked that question of Mr. Stassen and the Secretary of State, Mr. Dulles, when they were before our committee, and, of course, they did not think it was wise to recess these hearings and wait until a little

further along in the year when we could have a new look at this thing. What else could they say? What could the President say, but that we must go along now with this program? Of course, they say that. I know we have this so-called pipeline which must be kept flowing. But there is approximately \$12 billion sitting up here in this great hopper with the small end down here in the pipeline. They will not use any of that money for the fiscal year 1953-54. They could not do it, and will tell you as much.

What do we have in France today? No responsible leadership of government. In Italy Mr. de Gasperi's coalition government is tottering on the brink. We have to know what his experience is going to be before we can intelligently appraise the success or failure of his government. Then there is Korea. What is going to be the effect of a truce in Korea? Our entire policy must be adjusted to that, whatever the outcome.

It is not a matter of mistrusting the leadership of this administration. As a matter of fact, we should take the contrary view that we are supporting the administration when we assume our own responsibilities and wait a few months until we can come more nearly to determine what we can expect in the future.

What are they going to do with the huge army in north China if a truce is brought about in Korea? They cannot very well keep it idle up there. If they bring it down into south China to join with the tremendous forces already there, what will happen in southeast Asia? Take Egypt. What is their attitude at the present time? I am not too critical of our so-called friends and certainly I am not critical of this administration, but I think they should have the opportunity of waiting to see which way we are going before we put out another \$5 billion. It just simply makes sense to me that we cannot legislate today with any intelligence on these uncertainties. This House, by defeating this rule, could simply tell our committee that we could exercise our judgment in giving attention to it in the fall of the year and having a bill ready for you when we come back the first of the year. I do not know of anything that would suffer by it. It just seems the part of wisdom that we should take a new look at these things. I can see as you do that just in the few months ahead things could change rapidly. I mentioned this on the floor a few days ago, and my friend, the gentleman from New York [Mr. JAVITS], replied to me that things could happen in the next few months which would change our entire outlook for better or for worse. Should we not wait? Should we not wait? We should exercise our own responsibility. Mr. Stassen says we should trust the administration, "we will do the proper thing—we will exercise our judgment." Why put that burden on them? Many people believe that today one of the great difficulties in this country is that we have delegated too much power to governmental agencies, and that is what we are doing here. We say "You use your judgment," but here is an additional \$5 billion involved. It is our responsibility and ours only.

Mr. BARDEN. Mr. Speaker, will the gentleman yield?

Mr. BURLESON. I yield to the gentleman from North Carolina.

Mr. BARDEN. Did I understand the gentleman to say that not a dollar of this \$5 billion would be used during the year 1953-54?

Mr. BURLESON. I think anyone would tell you that; I think the administration will tell you that. The Director of Mutual Security will, I am sure, give such assurance.

Mr. BARDEN. Then we are now appropriating money for 1954-55.

Mr. BURLESON. Exactly, or maybe 1955-56. Of course, this matter of a fiscal year appropriation is probably a misnomer. We do that in the military, and I know we have to contract in advance. It takes time to produce and to deliver military end items but a few months delay is not going to disrupt or impair the continuity of this program. Now Mr. Speaker, I have always supported this program, and probably will do so again if I must but it will be on the basis of considering there is no alternative. Must we be forced to legislate by fear?

Mrs. CHURCH. Mr. Speaker, will the gentleman yield?

Mr. BURLESON. I yield to the gentlewoman from Illinois.

Mrs. CHURCH. I would like to interrupt the gentleman briefly just to point out that he was not a voice crying in the wilderness from this point of view in the Committee on Foreign Affairs; that he had with him more than a few who supported his wise admonition that a little delay, in order to see where we are going, might be the better part of wisdom as well as of valor.

Mr. BURLESON. I thank the gentlewoman.

Mr. O'KONSKI. Mr. Speaker, will the gentleman yield?

Mr. BURLESON. I yield to the gentleman from Wisconsin.

Mr. O'KONSKI. I compliment the gentleman for bringing that point out. I think he should also point out the new negotiations going on between Tito and the Kremlin. This bill authorizes more money for Tito, and 6 months from now nobody knows where he is going to go.

Mr. BURLESON. There are some most disturbing reports in that connection, and I appreciate the gentleman's point. There are many unfavorable circumstances to which attention might be directed. Taken together, the entire world atmosphere is exceedingly static, and we need more than ever to act with caution and prudence. We cannot, under immediate conditions, exercise reasonable judgment based on reasonable and logical information.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. BURLESON. I yield to the gentleman from Iowa.

Mr. GROSS. I want to compliment the gentleman on his statement. I do not know how we can possibly and logically appropriate the money contained in this bill, for instance, to the European defense community, the EDC, when, in fact, there is no such thing as a European defense community.

Mr. BURLESON. That is just another instance where I feel we would show greater judgment by waiting to see what the developments are.

Mr. VORYS. Mr. Speaker, will the gentleman yield?

Mr. BURLESON. I yield to the gentleman from Ohio.

Mr. VORYS. As far as the European defense community is concerned, under the Richards amendment that was adopted in committee we hold back the equipment available in this bill for the European army until they have gotten together. Is not that correct?

Mr. BURLESON. That is true. With the greatest respect for my leadership on the minority side, I am almost forced into saying at this time that by comparison, I think that would do greater injury by the Richards' amendment than if we postponed the consideration of this bill. I think we should wait until we can take a positive stand, without limitation; without building up a little dam here to stop something and then jumping over here to build another little dam, hoping it will finally work. With all these gimmicks and gadgets in the bill, when if we waited until we can see more clearly and more nearly what we were doing, then we might not have to do a lot of these things. We might have to do more and we might have to do less. Let us wait and see.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. BURLESON. I yield to the gentleman from Minnesota.

Mr. JUDD. The gentleman states that if we pass this legislation now we would be legislating on fear. But is not the course he recommends of postponing action at this time also based on fear, fear that the world situation is disintegrating and too uncertain? Would not postponement be an announcement to the rest of the world that the United States is retreating in the situation?

Mr. BURLESON. I think perhaps many of us have legislated more or less on fear in all the years we have had this program before us, but I say that today we are operating on greater fear than we would be if we waited. If we put it off a few months, we would be legislating on prudence.

Mr. JUDD. "Prudence" is a better word than "fear."

Mr. JAVITS. Mr. Speaker, will the gentleman yield? The gentleman was good enough to mention my name.

Mr. BURLESON. I did not have a chance to reply to the gentleman the other day on the floor.

Mr. JAVITS. I would like to ask the gentleman this. The gentleman is seeing signs of considerable unsettlement in Czechoslovakia, East Germany, and other areas in the Communist bloc. Does the gentleman think we ought to sit with our hands folded and let those people fold up and be massacred as the people were in Warsaw while the Russians looked on? Does not the gentleman believe that, on the contrary, this is the time to go ahead, instead of sitting by in fear?

Mr. BURLESON. I am sorry. I think the gentleman misunderstands my entire

concept. We should wait and see what does develop so we can act more intelligently. No, we will not be sitting with folded hands. We will be using approximately \$11 billion now available. If dollars is any factor in our accomplishments of these things to which you call attention, surely we are pretty well equipped for carrying on our present efforts.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania [Mr. SCOTT].

(Mr. SCOTT asked and was given permission to revise and extend his remarks.)

Mr. SCOTT. Mr. Speaker, I do not know whether the amount of this bill is right, whether we can do with less, or whether we need more. I am not going to undertake to talk to the merits of the bill. I might support some of the cuts if they appeal to me and I might support some additions if they appeal to me.

I am here to make one point. The thing I do not like in this argument is the argument "Let us not be foresighted, let us leave the foresight to the Russians." That we want to avoid at all costs.

Let me give this illustration. A number of you have had the opportunity of going through Berlin. In East Berlin you saw nothing but wreckage, rubbish, destruction, and Soviet repression. In West Berlin you saw a city restored, prosperous, growing stronger by the day, its streets paved, its houses rebuilt, its industries humming with steadily increased activity. All over West Berlin the East Berliners have seen more food, better clothing, and the blessings of freedom under western civilization, and they have seen all over the city enormous signs saying, "These things were made possible for you by the help of the United States." On top of these signs are the shield of the United States and of the city of Berlin.

No one could convince me that when these hungry and ill-fed people in East Berlin riot as they have in the last 2 days, that they were not influenced by the foresight of the American Congress 2 or 3 years ago in making those conditions possible. Wherever we can do those things we win a part of the battle for the free nations of the world. To that extent I am convinced that you do have to plan and authorize programs well in advance, because this is a war for the minds and the hearts of men.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. SCOTT. I yield.

Mr. GROSS. On the gentleman's trip to Europe, did he happen to see the signs on the steel plants which were built with American money which said "Go Home Americans."

Mr. SCOTT. No, I did not. But ingratitude is not unusual in the world and neither is gratitude. I came here to speak not of gratitude, but of wise planning to extend the frontiers of the free people and to break down the walls which enslave many who cry, as did the East Berliners: "We want to be free."

Mr. ALLEN of Illinois. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin [Mr. KERSTEN].

LIBERATION OF THE COMMUNIST ENSLAVED ARMED FORCES

Mr. KERSTEN of Wisconsin. Mr. Speaker, we have been talking about whether or not we should base our policy upon fear or upon faith and courage. I think, under the circumstances at the present time, we have a tremendous opportunity to base our policy on courage and faith.

We know that the reason for the expenditure of this MSA money, all of it, and for \$2 of the \$3 of every defense dollar that is spent is because of the threat of the Soviet and satellite armed forces. In the news in the last few days we find there is great disturbance, resistance and potential for defection behind the Iron Curtain.

We have today the news that Syngman Rhee in Korea is intending to enlist the people who have been liberated from the POW camps into the South Korean forces. Here you have in operation, a direct and tremendous psychological attack upon the Communist military potential. That is the type of policy that should be encouraged: the turn-about of military force that had been on the side of the Reds to the side of freedom. That is the type of thing that is based upon courage and faith; in other words, faith in freedom and faith in proceeding upon a policy based upon liberation of the enslaved armed forces. There is in this bill a section providing for such a policy. I am all for it. Our policy should not be defensive. It should be affirmative, and we should set up a policy that will encourage escape to freedom, particularly from the armed forces, and in that way we are drawing away from the armed forces and striking at the Soviet military war-making potential. These are the things that we should be doing in pursuing a policy of real peace. This is the affirmative policy that can avoid world war III. We should base our policy upon faith in freedom and not upon fear.

Mr. MORANO. Mr. Speaker, will the gentleman yield?

Mr. KERSTEN of Wisconsin. I yield.

Mr. MORANO. It is not true that if this rule is defeated, it will be scuttling the administration's attempt to continue with this foreign policy of liberation rather than containment?

Mr. KERSTEN of Wisconsin. Yes, and that is why I am for the rule, because I have the faith that our new policy will be one of courageous liberation and not of fearful containment.

Mr. SMITH of Virginia. Mr. Speaker, I do not think I will make any remarks on this rule. But, I would say under all the circumstances that I favor the adoption of this rule and a thorough debate and consideration of this bill. I have great sympathy for the remarks of the gentleman from Texas [Mr. BURLESON]. I have always supported this program, and yet, I am greatly troubled, and more troubled today than I have ever been in the past. I would like to have some clarification of this program. I would like to hear further from the members of the Committee on Foreign Affairs. I do not think any fight ought to be made on this rule. I hope it will be adopted.

Mr. ALLEN of Illinois. Mr. Speaker, I yield to the gentleman from Illinois [Mr. BISHOP].

Mr. BISHOP. Mr. Speaker, it was with a deep sense of loss and sorrow that I learned that former Congressman Edward Everett Denison had passed from this earthly life on Sunday, June 14, 1953.

Edward Everett Denison, of Marion, Ill., served as Republican Representative in Congress of the 25th District of Illinois from March 4, 1915, to March 3, 1931, a period of 16 years. His first trip to Washington was also his first attempt at public office. A popular Congressman throughout his entire term, E. E. Denison was an instigator of inland waterways in Illinois and labor bills protecting the miners of his district. He served on the important Interstate and Foreign Commerce Committee and was for 6 years a member of the steering committee of the House of Representatives. While a Member of Congress he was chairman of the Panama Canal Committee and in connection with his duties spent a part of each year traveling in the islands of the Caribbean Sea and in Central America, particularly Panama and was responsible for most of the legislation enacted by Congress for the Government of the Panama Canal after its completion. There are some here today who were privileged to serve with this great American who devoted his full strength, wisdom, and leadership without thought of self to the service of his country. It was Mr. Denison who had me appointed as postmaster in my home town of Carterville, Ill., in April 1923 where I served for 10 years.

Mr. Denison entered the Valpariso University of Texas at the age of 16. He graduated from the Baylor University, Waco, Tex., and received the degree of bachelor of arts from Yale University. Later after receiving the degrees of bachelor of law and master of law he entered the practice of law in Marion, Ill., to which he returned after leaving the Congress. Mr. Denison was unmarried. The Marion Memorial Hospital dedicated on May 30 of this year stands on a portion of his home place which he donated to this great humanitarian cause. Although he had been in ill health for some time he never lost interest in others and in world affairs, that great quality which endeared him to the hearts of his many friends.

I would be deeply remiss if on this occasion I did not express my personal gratitude and thankfulness for his friendship and advice to me throughout the years. His soul is another of those who belong to the ages, but his example and his spirit will remain in our midst always.

Mr. RAYBURN. Mr. Speaker, will the gentleman yield?

Mr. BISHOP. I yield.

Mr. RAYBURN. Mr. Speaker, in the passing of our former colleague, Edward Everett Denison, I have a twinge of great sorrow. I served with him on the Committee on Interstate and Foreign Commerce for many years. He was an outstanding man. He had great ability and learning. He was a man of fine

character, a gentleman of the highest type.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 5 minutes to the gentleman from Wisconsin [Mr. SMITH].

Mr. SMITH of Wisconsin. Mr. Speaker, I do not ask for this time to oppose the rule. I do want, however, to draw the attention of the House to the great speed which we have used in bringing this matter to the floor.

We have here a \$5 billion package. Hearings in the committee were completed a week ago last Saturday. There were some 1,300 pages of testimony. They came to us yesterday morning along with a 72-page report. Members of the committee got together a week ago Wednesday. The committee marked up the bill on Thursday. We find that we have been working our staff overtime—up to 1 o'clock in the morning. The members of the committee, to say nothing of the Members of the House, have had no time to examine the hearings or the two reports.

I merely bring this to the attention of the House in the hope that when very important legislative matters are presented to us, legislation should not be on a horse-race basis just because we are anxious to get away from this Chamber.

This is a matter, in my opinion, that should have studious attention. If necessary, we ought to spend a week on this legislation, because I do not think we are going to have a more important piece of legislation to consider in this session.

For myself and other members of the minority who joined in the minority report—and I call it to your attention. It is not very long, it is only 7 or 8 pages—we feel that the time has come to consider seriously this matter of amounts in the bill for one thing. We expect to introduce amendments to the bill which will reduce the amount by almost \$1 billion. And we shall offer them fully appreciating the fact that there will be the charge that the administration must have this money.

We think, with all the money that is on hand and what will be appropriated or authorized in this bill, the program will in no way be jeopardized. We feel also that the time has come, as has been so well pointed out by the gentleman from Texas [Mr. BURLESON] to stop, look, and listen; to see, if we possibly can, just what we are buying in this program.

Are we buying friends? It is a rather turbulent world as we look about us, when you stop to consider for just a moment the situation in Asia, where we are going to go it alone, not on our own initiative, but by the will of our friends.

Mr. Pearson, president of the United Nations Assembly, said only last week that American-Asiatic policy will not be followed by other nations who are in the United Nations and, further, that the problems in Asia are problems to be solved by the Asiatics.

I would like respectfully to suggest that if we use that rule in Asia, we ought seriously to consider it in Europe. We ought to know by this time that we cannot buy friends. We ought to realize

and understand also that we are not going to kill communism with bombs or bullets or planes. But there is nothing in the bill before us except for some TCA. This is, of course, a military bill. That is where most of your money is going. This bill is a mistake, and I shall not vote for it.

Mr. ALLEN of Illinois. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The question was taken; and the Speaker announced that the "ayes" appeared to have it.

Mr. WILLIAMS of Mississippi. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. The Chair will count. [After a pause.] One hundred and sixty-six Members are present, not a quorum.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 340, nays 35, not voting 55, as follows:

[Roll No. 57]
YEAS—340

Abbitt	Case	Friedel
Abernethy	Cederberg	Fulton
Adair	Celler	Garmatz
Addonizio	Chelf	Gary
Albert	Chenoweth	Gathings
Alexander	Chiperfield	Gentry
Allen, Calif.	Church	George
Allen, Ill.	Clevenger	Golden
Andersen,	Cole, N. Y.	Goodwin
H. Carl	Colmer	Gordon
Andresen,	Condon	Graham
August H.	Cooley	Granahan
Andrews	Coon	Grant
Arends	Cooper	Green
Ashmore	Corbett	Gregory
Aspinall	Cotton	Gubser
Auchincloss	Cretella	Gwinn
Ayres	Crosser	Hagen, Calif.
Baker	Crumpacker	Haley
Barrett	Cunningham	Halleck
Bates	Curtis, Mass.	Hand
Battle	Curtis, Mo.	Harden
Beamer	Curtis, Nebr.	Hardy
Becker	Dague	Harris
Belcher	Davis, Ga.	Harrison, Va.
Bender	Davis, Wis.	Harrison, Wyo.
Bennett, Fla.	Dawson, Ill.	Hart
Bentley	Dawson, Utah	Hays, Ark.
Bentsen	Delaney	Hays, Ohio
Betts	Dempsey	Heller
Bishop	Derounian	Herlong
Blatnik	Devereux	Heselson
Boland	D'Ewart	Hess
Bolton,	Dingell	Hiestand
Frances P.	Dodd	Hill
Bolton,	Dollinger	Hillelson
Oliver P.	Dolliver	Hillings
Bonin	Dondero	Hinshaw
Bonner	Donohue	Hoeven
Boykin	Dorn, N. Y.	Hoffman, Mich.
Bramblett	Doyle	Holmes
Bray	Durham	Holt
Brooks, La.	Eberharter	Holtzman
Brooks, Tex.	Edmondson	Hope
Brown, Ga.	Elliott	Horan
Broyhill	Ellsworth	Hosmer
Buchanan	Engle	Howell
Buckley	Evins	Hruska
Busbey	Fallon	Hunter
Byrd	Feighan	Hyde
Byrne, Pa.	Fenton	Jackson
Byrnes, Wis.	Fine	James
Camp	Fino	Jarman
Campbell	Forand	Javits
Canfield	Ford	Jenkins
Cannon	Forrester	Jonas, Ill.
Carlyle	Fountain	Jonas, N. C.
Carnahan	Frazier	Jones, Ala.
Carrigg	Frelinghuysen	Jones, Mo.

Jones, N. C.	Norblad	Sheppard
Judd	Norrell	Short
Karsten, Mo.	O'Brien, Ill.	Shuford
Kean	O'Brien, Mich.	Sieminski
Kearney	O'Hara, Ill.	Sikes
Kearns	O'Neill	Simpson, Ill.
Keating	Ostertag	Simpson, Pa.
Kelley, Pa.	Patman	Small
Kelly, N. Y.	Patten	Smith, Miss.
Keogh	Patterson	Smith, Va.
Kersten, Wis.	Pelly	Smith, Wis.
Kilburn	Perkins	Spence
Kirwan	Pfost	Springer
Kluczynski	Philbin	Staggers
Knox	Pillion	Stauffer
Krueger	Poage	Steed
Laird	Poff	Stringfellow
Lane	Polk	Sullivan
Lanham	Powell	Taber
Lantaff	Preston	Talle
Latham	Price	Taylor
LeCompte	Priest	Teague
Lesinski	Prouty	Thomas
Long	Rabaut	Thompson, La.
Lovre	Radwan	Thompson, Tex.
Lyle	Rains	Thornberry
McCarthy	Ray	Tollefson
McCormack	Reams	Trimble
McCulloch	Reece, Tenn.	Tuck
McDonough	Reed, Ill.	Utt
McGregor	Reed, N. Y.	Van Pelt
McMillan	Rees, Kans.	Van Zandt
Machrowicz	Rhodes, Ariz.	Vinson
Madden	Rhodes, Pa.	Vorys
Magnuson	Richards	Vursell
Mahon	Riehlman	Wainwright
Marshall	Riley	Wampler
Matthews	Rivers	Warburton
Meador	Roberts	Watts
Merrill	Robison, Ky.	Weichel
Merrow	Rodino	Whitten
Miller, Calif.	Rogers, Colo.	Wickersham
Miller, Md.	Rogers, Fla.	Widnall
Miller, Nebr.	Rogers, Mass.	Wier
Miller, N. Y.	Rooney	Williams, N. Y.
Mills	Roosevelt	Wilson, Calif.
Mollohan	Sadiak	Wilson, Ind.
Morano	St. George	Wilson, Tex.
Morgan	Saylor	Winstead
Moss	Schenck	Wolverton
Multer	Scott	Yates
Mumma	Scrivner	Yorty
Murray	Scudder	Young
Neal	Seely-Brown	Younger
Nelson	Selden	Zablocki
Nicholson	Sheehan	

NAYS—35

Bailey	Gross	Robeson, Va.
Barden	Hagen, Minn.	Rogers, Tex.
Bennett, Mich.	Harrison, Nebr.	Secrest
Bosch	Ikard	Shafer
Bow	King, Pa.	Smith, Kans.
Budge	Landrum	Sutton
Burdick	Lucas	Thompson,
Burleson	McVey	Mich.
Cole, Mo.	Mack, Wash.	Velde
Dorn, S. C.	Mason	Wheeler
Dowdy	O'Konski	Williams, Miss.
Gavin	Passman	Withrow

NOT VOTING—55

Angell	Hale	Moulder
Berry	Harvey	Oakman
Boggs	Hébert	O'Brien, N. Y.
Bolling	Hoffman, Ill.	O'Hara, Minn.
Brown, Ohio	Holifield	Osmer
Brownson	Jensen	Phillips
Bush	Johnson	Pilcher
Chatham	Kee	Rayburn
Chudoff	Kilday	Regan
Clardy	King, Calif.	Scherer
Coudert	Klein	Shelley
Davis, Tenn.	McConnell	Walter
Deane	McIntire	Westland
Dies	Mack, Ill.	Wharton
Donovan	Mailliard	Wigglesworth
Fernandez	Martin, Iowa	Willis
Fisher	Metcalf	Wolcott
Fogarty	Miller, Kans.	
Gamble	Morrison	

So the resolution was agreed to.

The Clerk announced the following pairs:

Mr. Brown of Ohio with Mr. Dies.
 Mr. Hoffman of Illinois with Mr. Morrison.
 Mr. Gamble with Mr. Klein.
 Mr. Coudert with Mrs. Kee.
 Mr. McConnell with Mr. Walter.
 Mr. Bush with Mr. Willis.
 Mr. Scherer with Mr. Bolling.

Mr. Harvey with Mr. Fogarty.
 Mr. Hale with Mr. Fernandez.
 Mr. Osmer with Mr. O'Brien of New York.
 Mr. Martin of Iowa with Mr. Moulder.
 Mr. Jensen with Mr. Deane.
 Mr. Angell with Mr. Chatham.
 Mr. McIntire with Mr. Mack of Illinois.
 Mr. Clardy with Mr. Donovan.
 Mr. Johnson with Mr. Metcalf.
 Mr. Oakman with Mr. Hébert.
 Mr. O'Hara of Minnesota with Mr. Holifield.
 Mr. Wigglesworth with Mr. Boggs.
 Mr. Brownson with Mr. Shelley.
 Mr. Westland with Chudoff.
 Mr. Wharton with Mr. King of California.
 Mr. Berry with Mr. Kilday.
 Mr. Wolcott with Mr. Davis of Tennessee.
 Mr. Phillips with Mr. Fisher.
 Mr. Mailliard with Mr. Pilcher.

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

Mr. CHIPERFIELD. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 5710) to amend further the Mutual Security Act of 1951, as amended, and for other purposes.

The question was taken; and on a division (demanded by Mr. Gross) there were—ayes 122, noes 10.

Mr. GROSS. Mr. Speaker, I object to the vote on the ground that a quorum is not present.

Mr. HALLECK. Mr. Speaker, I demand tellers.

The SPEAKER. The point of order of the gentleman from Iowa takes precedence. The Chair will count. [After a pause.] Two hundred and eighteen Members are present, a quorum.

So the motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 5701, the Mutual Security Act of 1953, with Mr. ALLEN of Illinois in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. The rule provides 5 hours of general debate to be equally divided. The Chair will recognize the gentleman from Ohio [Mr. VORYS] for 2½ hours and the gentleman from South Carolina [Mr. RICHARDS] for 2½ hours.

Mr. VORYS. Mr. Chairman, I yield such time as he may desire to the distinguished chairman of the Committee on Foreign Affairs, the gentleman from Illinois [Mr. CHIPERFIELD].

Mr. CHIPERFIELD. Mr. Chairman, first of all as chairman of the Foreign Affairs Committee I want to thank every member of my committee for the conscientious job they did while considering this bill. It involved holding 47 meetings of the full committee and 18 meetings of the subcommittees. The members spent long hours of hard work and study on its preparation, hearing over 1,300 pages of testimony and writing a report of 74 pages.

I also want to pay tribute to the entire staff of the committee for the excellent

work they have done and for their untiring efforts in behalf of the committee.

During the consideration of the bill there was a completely bipartisan approach and I especially want to commend the distinguished gentleman from South Carolina Mr. JAMES P. RICHARDS, former chairman of this committee, for his fullest cooperation and help. He was a tower of strength during the consideration of this bill.

This year the Foreign Affairs Committee was divided into eight subcommittees. There are four area committees, namely, Europe, Near East, and Africa, Far East, and Western Hemisphere. We also have four functional subcommittees which are State Department Organization and Personnel, National Security, International Organizations and Movements, and Foreign Economic Policy.

Since most of the provisions of this bill come within the jurisdiction of these subcommittees they have given special attention and study as to how this bill affects their particular areas or functions. It was, therefore, thought, so far as practical, to take advantage of the special study these subcommittees have made and have them take the lead in the debate on matters which come within their special provinces.

In addition, this spring we sent a study mission headed by the distinguished gentleman from Wisconsin [Mr. SMITH] to the European area; and also a study mission headed by the distinguished gentleman from New Hampshire [Mr. MERROW], to the Near East, Pakistan, and the Far East. Both groups studied the problems created by mutual security legislation and upon their return made most helpful and detailed reports containing many constructive suggestions.

By unanimous vote the Republican members of the Foreign Affairs Committee have requested the distinguished gentleman from Ohio [Mr. VORYS] to act as floor manager in behalf of the Republican members of the Foreign Affairs Committee during the consideration of this bill as he so ably acted in this capacity for the last 2 years when mutual security legislation was on the floor. There is no man in Congress who is better fitted for this position as no one has worked harder on this bill or has a better grasp of the details of this complex measure than the gentleman from Ohio [Mr. VORYS].

I favor passage of H. R. 5710 not because it is a perfect bill but because I believe the continuation of the mutual security program is essential as part of our defense and for the security of the United States. This view is supported not only by the President but by every member of his Cabinet, the evaluation teams, all the military authorities who testified before us, and by the Republican and Democratic platforms.

The bill which is offered is a so-called package bill and amends 11 different laws. This, of course, results in a hodgepodge, but we have been assured by the administration that early next year we will have new basic legislation which will correct the present situation.

The committee agrees with the President that there is a great need for new legislation on this program. It is also hoped that the new proposed Reorganization Plan No. 7 will result in bringing about a more efficient administration of the mutual security program and related programs.

This year the administration changed the form of previous legislation on this subject from an area approach to a functional one so the bill is divided into six functional chapters as follows:

- Chapter I. Military assistance.
- Chapter II. Mutual defense financing.
- Chapter III. Mutual special weapons planning.
- Chapter IV. Technical assistance.
- Chapter V. Special regional economic assistance.
- Chapter VI. Multilateral organizations.

Since the mutual security program was presented in Mr. Truman's budget it has already received three successive cuts, as follows:

[In millions]		
		Reductions
Truman budget request-----	\$7,600	
Administration request-----	5,828	\$1,772
Revised administration request-----	5,474	354
Committee bill-----	4,998	476
Total reduction-----		2,602

As noted in this tabulation the administration reduced the Truman request by \$1,700,000,000. Then with unusual candor reduced it another \$354 million promising, if possible, an additional reduction of \$50 million which does not appear in this tabulation.

As indicated, the Foreign Affairs Committee made the following further reductions:

Section 101 (a) (1): Europe--	\$100,000,000
Section 201: Military aid to	
Near East and Africa-----	100,000,000
Defense support (United Kingdom)	100,000,000
Special weapons-----	150,000,000
Basic materials-----	25,000,000
Ocean freight-----	1,000,000
Total reduction-----	476,000,000

These reductions were selective and based on consideration of policy rather than cuts across the board. An analysis will disclose that the committee bill is \$2,600,000,000 or 34 percent below the Truman request; and \$830 million or 15 percent below the administration's original request.

A study of the provisions of the bill will disclose that 80 percent of the military assistance for Europe is for military end items and training and the remainder for packaging, crating, infrastructure, and administrative costs.

A further breakdown will disclose that there is direct military assistance to Europe in this bill amounting to \$2,979,000,000 which is 42 percent of the total authorized by the bill. This includes military end items, offshore procurement, infrastructure, and military training.

Offshore procurement programs of course are for procuring military materiel from our allies overseas.

I favor offshore purchases because it helps us reach the necessary military requirements more nearly on schedule and assures production in Europe of such items as ammunition and spare parts, so Europe will not be dependent on the United States for such military items. It also helps to close the dollar gap between the United States and the countries in which the money is spent. By the expenditure of such funds overseas the recipient nations will not be so dependent on this country for financial aid. Furthermore, in many instances military end items can be produced cheaper in Europe than in the United States.

It is hoped under this program to produce in Europe as much as \$1 billion of military end items.

The infrastructure program is designed to construct facilities necessary to carry on effective combat operations such as airfields, fuel supplies, radar, and so forth. There is included in this bill \$180 million for this purpose.

I favor such expenditure because it puts special emphasis on Air Force defenses, and we plan to build over 100 airfields with their related facilities in Europe at strategic points.

The next war, everyone knows, is going to be fought with modern weapons, and I am especially pleased we are putting this emphasis on our air program.

While we contribute to the infrastructure program approximately 40 percent, the recipient countries contribute 60 percent as well as the land for these airfields, which averages in value about 10 percent of the cost of installation, and the utilities, which add another 5 percent.

It also is true the European countries pay comparable taxes to those in the United States, and in some cases even higher.

It must also be remembered that while we propose to spend over \$2 billion for the fiscal year 1954 in Europe for military equipment, Europe plans to spend during the same period \$14,930,000,000 for its own defense, so it is by no means a one-way street.

Everyone realizes the Near East and Africa are critical areas. The committee recommends \$305 million for military purposes in this area. This, however, is \$100 million less than requested as the committee disapproved at this time the establishing of a middle east defense organization estimated to cost that amount. The committee felt such a request was premature at this time but that does not mean at a future date such a program would not be given the fullest consideration.

Due to the critical military situation in Asia and the Pacific this bill places greater emphasis on military aid in that area.

It is proposed in this bill to authorize approximately \$1 billion of military aid in this area which would be twice as much as Congress authorized last year for that purpose. Of this amount the bill contains a sum which would assist Japan to defend herself.

The bill contains \$884 million for defense support and the explanation is that these funds are necessary for countries with large military programs so they will not so overstrain their economies as to have to cut back their military programs to maintain themselves. However, the committee did cut \$100 million defense support funds for the United Kingdom.

The bill does provide, however, for special financing, \$100 million for production of military aircraft in England, and another \$100 million for the manufacture of artillery, ammunition, and small weapons in France.

The committee had been requested to authorize \$250 million for the development of special weapons, some of which might be developed in Europe, but this amount was reduced to \$100 million as it was thought the plans for this purpose were too premature to justify such a great expenditure at this time. No atomic weapons are to come under this program and there are safeguards to protect the security of the United States.

There also is in this bill a very controversial provision which provides that not less than 50 percent of the funds authorized for military assistance to Europe in fiscal 1954 shall be available only for the European Defense Community.

I believe all of us are anxious for a EDC to be consummated at the earliest possible moment, but it seems to be most doubtful whether such a provision would hasten the formation of such a community or deter it.

The bill contains \$140 million for technical assistance in the Near East, a breakdown of which is found in the committee's report on pages 37-39.

Incidentally, a great deal of work and detail was placed in this report which, if the House will read and study, will answer many questions that may arise when considering such a controversial and complex program.

Very frankly, I feel reductions can be made in TCA or the point 4 program. I would like to have the point 4 program limited to its original purpose of sharing our technical skills with people in underdeveloped areas and not have the programs enlarged to a worldwide WPA where the United States would have to make large contributions for the actual construction of public works such as dams, roads, and so forth.

The same is true of the \$130 million authorized for special regional economic assistance. While this aid is authorized for countries in critical areas, it is very difficult for me to approve of millions of dollars being spent for such projects as dams, waterway improvements, watersheds, and so forth, when in this country not one new flood project, which was not actually under construction, was placed in the administration's budget for 1954. We have to fight to get appropriations for such programs for our own districts which were authorized several years ago. While we are frequently unsuccessful, so far as such projects for our own districts are concerned, yet we are asked to spend huge sums for similar projects all over the world. I feel in this field of special

economic aid there could be considerable reduction of the programs authorized by the committee in this bill.

In the past we have contributed to a number of multilateral organizations such as movement of migrants, multilateral technical assistance, children's welfare, ocean freight, and United Nations-Korean organized agency for which the committee authorized approximately \$1 million. Each one of these programs is fully explained in the report and the Committee of the Whole can determine for itself whether they are justified.

Incidentally, our committee cut \$1 million from ocean freight which assisted such voluntary organizations as CARE which are contributing so much to volunteer foreign aid. Subsequent information which the committee did not have at the time this cut was made may make it advisable to restore this amount.

There are many other provisions in the bill. I only mention a few of them. There has been an attempt made by this bill to further reduce personnel by establishing ceilings.

It also contains stronger provisions for guaranties to private investors abroad.

A request was made to extend the program to 1958 and the liquidation period another 3 years but the committee felt that since the bill was considered only as an interim aid program, and the President promised a new framework for this legislation early next year, the expiration date was left the same as before, June 30, 1954. But the liquidation period was extended from 12 to 24 months.

The bill also increases by \$200 million the limit on furnishing United States excess military equipment. This is for the transfer of items already on hand for which the United States has no further use.

The committee recognized the fact there has been criticism of the mutual security program and set forth the most important criticisms, with our comments, on pages 6 and 7 of the report. I recommend your most careful reading of that section of the report.

In the course of the hearings which covered 1,300 pages we investigated most of the criticisms, some of which have already been corrected. But in spite of these criticisms and at times imperfect administration of the program and the apparent unwillingness of some of our allies to extend themselves to the utmost of their ability, most of the members of the committee were of the opinion that this legislation is paramount to the security of the United States and that we must continue to resist Soviet aggression by trying to mobilize the free nations as our allies against this threat. Those who favor this bill feel it carries out this purpose and should be adopted.

Mr. VORYS. Mr. Chairman, this is a foreign policy package bill. It involves the extension of 11 different foreign policy laws. There are 7 chapters to the bill; it has 4 geographical titles covering the whole globe; it involves 56 countries directly and every country on earth indirectly.

This is not an appropriation bill. The amounts in the bill are limits on foreign policy activities.

The total in the bill is \$4,998,000,000. That is \$1 billion less than the authorization bill last year; \$2,600,000,000, or 34 percent less than the Truman budget presented this year; and it is \$830 million, or 15 percent, below the original Eisenhower budget. Through reductions suggested by the administration and some made by the committee we bring you this the smallest foreign-aid bill in 5 years.

This package plan was devised in the 80th Congress; the columnists and commentators at that time attacked it as being designed to confuse and delay consideration of a series of foreign policy measures that had a deadline of April 1, 1948. But the House met that deadline on March 31, and the package plan has been continued and followed ever since.

The advantages of the package plan are that it provides overall comparison, consideration, and action of worldwide foreign policies at one time; but the disadvantage is that it requires rapid study, discussion, and understanding of complex and diverse problems all over the world. We hope during general debate to go into the details and to answer questions. But before we do that I want to suggest two broad simple principles that are involved at the beginning, and you will face them at the end.

First. We must stand by the President of the United States on foreign policy;

Second. We do not want to fight alone here.

This is the first big foreign policy test for a Republican Congress in a Republican administration for over 22 years. We are out of practice. Under our Constitution, the President has primary responsibility for foreign policy. We are in a grim and dreary period of war, with threats of more war. This bill involves what we do with other countries in a time of tension and peril. We have a President with more experience, more ability, in successfully leading our allies in war, in preparing them for war, than any other man on earth. The simple question is going to be—does Congress have confidence in the President? I think the answer will be, to our friends and enemies all over the world, the people's representatives in this Republic are standing by President Eisenhower.

Eighty-nine percent of this is for military aid, for weapons, training, financing defense activities, so as to go forward in arming and equipping 4,900,000 men to fight, if need be, in the cause of freedom against our common foe. We don't furnish all the arms, we don't feed or pay or clothe them, but the average cost is about \$5,556 a year for an American soldier before he has a gun in his hand. This Mutual Security Program will cost us less than \$10 for a foreign soldier, to help put a gun in his hand. These forces of our allies are not all equally ready, willing and able to fight by any means, but in helping to arm them, instead of exclusively arming American boys, we

take a calculated risk, instead of a calculated loss. If we do not have war, additional American troops cost \$5,556 each per year. That economic loss can be calculated. If we have war, we can also calculate the loss in blood and tears if Americans are to do all the fighting.

Now some of you may want us to go it alone, pull out our forces all over the world, arm to teeth here, and wait for our enemies to come here. I have seen the war-devastated countries of Europe where they fought at home. I think we should plan, if we must have war, to fight our wars away from home, on friendly soil and not do all the fighting ourselves. I was attacked by Vishinsky in the U. N. in Paris in 1951 for a statement I had made like this in our Foreign Affairs Committee the summer before he had the committee hearings in his hand. He said I wanted foreign mercenaries to fight for the Wall Street monopolists. Well, I disagree with Vishinsky. I think we help not only our neighbors, but ourselves, when we give them a chance to defend their homeland.

But we do not want to do all the fighting. In 1950, just after the Korean attack, every Member of the House, except Marcantonio, voted to extend the military aid bill. With trouble brewing all over the world, we had better remember that vote.

The various kinds of economic aid in this bill are tied up to our security. For instance, we have given Germany no military aid. We gave Germany a military beating, but since the war we have given Germany vast economic aid, and the progress in Western Germany, contrasted with the conditions in East Germany, has been the main cause for this East German revolt that is striking terror to those in the Kremlin who fear this is the beginning of the end. We find various kinds of economic aid in this bill including technical assistance. In undeveloped countries, poverty, disease and ignorance breeds communism, not because poor people, sick people, ignorant people go Communist but because they are more easily taken over by Communist conspiracies, infiltration and aggression. So, programs for more food, more health, and more education help us in the cold war. But how about in times of peace? Well, in times of peace we have had our most profitable foreign trade not with backward countries, but with the more developed countries, so therefore when we help people to improve their standards of living we lay the foundation for future export markets which must continually expand if we are to continue to hold up our high standard of living, and import increasing lists of strategic materials which we need. So, we serve our own interest in war and peace as well as those of other free people in this economic-aid program.

But in the final analysis there are going to be these two simple questions on this bill: Are you backing President Eisenhower in his foreign policy? Or, do you want us to do the fighting if war comes?

Mr. DINGELL. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Michigan.

Mr. DINGELL. The gentleman made reference to the fact that we are not giving military aid to Germany but are giving her and have given her vast economic aid. May I say first, before I ask my question, whether we give them military aid or economic aid, they can provide military aid for themselves if we relieve them and help them economically. I am for all that, but I am wondering, in the case of Germany, whether or not that is the proper thing to do, and I want the gentleman's reaction. Does the gentleman have confidence that Germany is going to go straight after she does get on her feet militarily? Can we trust her, and if so, how far?

Mr. VORYS. Here is the answer; in defeating Japan and Germany we created two military vaccums on either side of Soviet Russia, and that situation must be redressed to restore a balance of power that will deter the Russians. Germany is absolutely essential to the defense of Western Europe. I feel that the Germans have learned their lesson. The pattern of the European army devised by the French creates a situation under which the Germans can be safely armed to join in the common defense without danger of their aggression again, and I am one of those who hopes that the European army will come to fruition rapidly. However, the committee bill provides that unless and until the European army, with Germany in it, has been ratified, one half of the \$2,079,000,000 for Western European military aid will not be delivered.

Now, we have been asked on this gigantic bill to give all information possible. We will try to answer questions. We have a series of 19 charts in the Speaker's lobby which explain graphically what has been done with the money spent, what they intend to do with the money they have not yet spent, what they intend to do with the money they are requesting in this bill.

Mr. CHIPERFIELD. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Illinois.

Mr. CHIPERFIELD. I hope the distinguished gentleman from Ohio will call attention to the committee report on this bill, because it will provide answers to many of the questions Members may have.

Mr. VORYS. We have a 74-page report that attempts to condense the 1,300 pages of the hearings, to give information about all of the vast areas and the divers and complex questions in the bill. We recommend it to the attention of the Members.

Mr. KERSTEN of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. KERSTEN of Wisconsin. I do not wish the gentleman to answer me specifically or factually, but generally. May I ask the gentleman whether or not the thing Vishinsky most feared in the episode to which the gentleman referred was the military potential of people who had escaped from behind the Iron Curtain?

Mr. VORYS. Mr. Vishinsky was complaining about the so-called Kersten amendment in this program of which the gentleman from Wisconsin was the author. The Russians are like some others, they seem to holler when they are hurt. It would seem as if they feared greatly that persons who had escaped from behind the Iron Curtain might join the forces of freedom to defend western Europe.

Mr. KERSTEN of Wisconsin. I thank the gentleman.

Mr. O'KONSKI. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Wisconsin.

Mr. O'KONSKI. Why was not the \$100 million appropriated for the purpose of helping those escapees used by the previous administration?

Mr. KERSTEN of Wisconsin. If I may reply to my good friend from Wisconsin, in partial answer may I point out that that \$100 million was appropriated under a previous administration, which I do not think was in favor of a policy of liberation. We need a little time, I think, to develop that policy. I am confident that it will be developed along the proper lines.

Mr. VORYS. We are proceeding under a new positive foreign policy to seize the initiative, which involves eventual peaceful liberation instead of containment, a policy of having striking forces ready, not for preventive war but dreadful retribution, in case war should be launched, with the idea that this is the way to deter war or win it if war comes.

We have been counseled by my dear friend the gentleman from Texas [Mr. BURLISON] to call the whole thing off, that we need more time, we should wait a while. Admittedly we are in a grim situation, but this is not the time to stall or to wait. We are launching a positive foreign policy. There are trouble spots all over the world, tense, serious, critical, many of them precipitated by the Soviets. There are other crucial areas that will be discussed during the consideration of this bill.

That is what our new President faced when he came in. We have a new fire chief. He has some ideas on safety measures and fire prevention, but when he got the job there were two fires raging, in Indochina and Korea. Embers were still smoldering and sparks were flying all over the world. He has to use the old equipment, the old sprinkler system, until he can devise a new one. Under these conditions, let us help the fire chief. Certainly let us not turn off the water. Let us keep the pressure high at this time.

The French in World War I were faced with a desperate situation in 1914. You remember the famous message Marshal Foch to Marshal Joffre during the first battle of the Marne:

My right has been rolled up. My left has been driven back. My center has been smashed. I have ordered an advance in all directions.

We are in no such desperate danger. But let us advance with courage and conviction under the leadership of our Presi-

dent, this great genius in organizing free people to defend their liberties.

Mr. RICHARDS. Mr. Chairman, I yield myself 35 minutes.

Mr. Chairman, in the previous 2 years I came before you as chairman of the Committee on Foreign Affairs, and under Democratic leadership we presented bills to you embodying the so-called Mutual Security Program. Today we are under other leadership. I want to compliment the distinguished chairman of the committee, the gentleman from Illinois [Mr. CHIPERFIELD], for the unfailing courtesy and consideration he has shown the minority during the deliberations on this bill, and commend him for the very efficient way in which he has handled the committee. I also commend the gentleman from Ohio [Mr. Vorys] who spoke so eloquently a few minutes ago in behalf of this bill. As a matter of fact, there are a few men in this country more completely informed on foreign-aid legislation. It was just mentioned that this is a package bill which came into being during the 80th Congress, a Republican Congress. That is correct. The gentleman from Ohio [Mr. Vorys] was too modest to tell you the truth about it; he is the author of the package idea.

In coming before you today, of course, I feel a little more relaxed. I do not have the responsibility. Somebody else has the ball, but, nevertheless, I want to say to my Democratic colleagues on this side of the House, it is our duty still—it is our duty still to approach this subject in a nonpartisan spirit.

We feel all around today, even in this Hall, a sense of uncertainty and unrest, and I might say frustration, doubt, as to how far we should go on this path. You are thinking, of course, of the fact that we have spent around this earth since the last World War in economic aid and military aid about \$41 billion. There is no doubt about that. But while you think of that, try to visualize and picture in your mind what the condition of the world would be today if we had not spent it. That is a stupendous sum, and your constituents and mine have to pay it. But as President Eisenhower has said, we want to cut the budget, we want to cut down the burden on our taxpayers, but we cannot gamble with the security of this country. Do not forget we have appropriated more than that during 1 year in the last 3 years for our defense forces. I think it would be difficult to deny that if it had not been for the Marshall plan in Europe, which was inaugurated under a Democratic administration and supported by a Republican-controlled Congress, Europe would today be under the heel of the Communists. I venture to say if it had not been for the military-aid program in Europe there would not be any appreciable defense potential or posture in Europe today or in any nation thereof.

When Members on the other side of the aisle state today that we have a new foreign policy—and the gentleman from Ohio [Mr. Vorys] just said that—I beg to disagree.

As a matter of fact, under the leadership of a great American and a great

soldier, President Eisenhower, and under the leadership of another great American, Mr. Dulles, Secretary of State, the foreign policy of the United States is basically the same as it was under the last Democratic administration. No one should vote for or against this bill in the false premise that this is a horse of another color.

Everybody knows that the foreign policy of the United States in the last few years has been, or has been claimed to be, the containment of communism. That principle can be poured into a mold and remain static while the implementation phases of foreign policy may vary geographically or from day to day. Today the emphasis is in the Pacific, and I think properly so. But the fact remains that the main battleline against communism, as evidence by the figures in this bill and the facts that support it—the first battleline against communism is in Europe. You can say what you want about the rest of the world, but give the Soviets the workshop of Europe, with its engineering genius, its industrial know-how, the Ruhr and the Saar Valley, its educational facilities and traditions built up over a thousand years, and add to that the raw materials and the manpower that they have now, and our backs would soon be against the wall and inevitably we would have to spend several times the \$41 billion that we have spent in this whole program to date. Our country would have to be an armed camp.

There is no difference in our foreign policy; this is a real bipartisan foreign policy now, as it was in preceding Congresses. Turn to page 165 of the hearings. I want to refer you to the words of the distinguished Secretary of State when I asked him certain questions. I asked Mr. Dulles did we make a mistake in spending all that money in Europe under the Marshall plan? He said "No."

I asked, did we make a mistake, after we thought the economic stability of the countries had been reasonably restored to help build up the military installations of those countries, in the hope that if war eventually came to us, there would be somebody who would stand by our side? Did we make a mistake? And he said no.

I asked, do you believe in a real bipartisan foreign policy in the Congress? He replied that he regarded such a policy as desirable and essential to success, or words to that effect.

He referred me to the fact that he and Senator Vandenberg were two of the principal movers in the inauguration of this bipartisan foreign policy. They introduced the first bill in the other body to provide military aid for Europe. I reiterate, there is no basic difference between the foreign policy of the present administration and that of the preceding administration.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Minnesota.

Mr. JUDD. Pursuing the line of what the gentleman has said, is it not true that the Marshall plan, which was sponsored and authored by a Democratic admin-

istration, was passed by a Republican Congress?

Mr. RICHARDS. There is no doubt about that.

Mr. JUDD. So that both parties have consistently supported whichever administration was in power whenever this issue of the security of our country was at stake?

Mr. RICHARDS. There is no doubt about that. This bill should stand on its own bipartisan merits; it should not come in here under a Republican flag or a Democratic flag. Since bipartisan foreign policy was inaugurated, I am proud to say that Members on both sides of the aisle have never for 1 minute approached this subject from the standpoint that they were Democrats or Republicans.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. VORYS. The gentleman has been speaking about a bipartisan foreign policy. However, there are those who criticize it. I call attention to page 2 particularly where we set out the 1952 platforms of the major parties. We also call attention to the platform of the Progressive Party which most of us considered as a Communist front outfit. The Progressive Party said in its platform:

The Progressive Party asserts that the real threat to American security comes not from without but from within, from the policies of the bipartisans themselves.

So that we find that we have the Progressive Party and a few scattered Members in this House who are not members of that party who disagree with the gentleman's view and mine on bipartisan policy.

Mr. RICHARDS. I appreciate the gentleman's remarks.

Mr. ROONEY. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. ROONEY. I should like to express my commendation to the distinguished former chairman of the Committee on Foreign Affairs, the present ranking minority member upon his great success in getting the gentleman from Illinois [Mr. CHIPERFIELD], and the gentleman from Ohio [Mr. VORYS], in such great accord on such an important subject as this.

Mr. RICHARDS. In principle we are in accord, and I am proud of it.

Mr. WILLIAMS of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Mississippi.

Mr. WILLIAMS of Mississippi. I am delighted that I have found a place where I can agree with the gentleman in connection with foreign aid. I just want to endorse what he said about this being the same program that has been carried on for the last 6 or 8 years. About the only psychological difference I can see between Mr. Acheson and Mr. Dulles is a mustache.

Mr. RICHARDS. We have appropriated a lot of money for this program and you are asking yourself whether you should authorize an additional \$5 billion to go on down the road, whether or not this new investment will be worthwhile.

The foreign aid program alone is not going to break this country; our defense program plus other programs, including foreign aid, may break it. I stand on the ground that this authorization is logically just as necessary for the defense of the United States as are the battleships and guns and uniforms that you put upon your own boys who do the fighting.

Mr. DURHAM. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. DURHAM. The gentleman made the statement that the defense program might break us. He also believes in it as part of our security, does he not?

Mr. RICHARDS. Yes, certainly; the most important part. What I was trying to say is that this program is a necessary part of our general defense program.

Well it is said that the nations we help do not appreciate our help and do not like us; very true, maybe nobody loves the United States, nobody likes their banker, nobody likes foreign troops patrolling their soil or the country that sends them there—in my own district when our own soldiers hold maneuvers down there, we go restive about it. If you are looking for popularity in this you are just not going to get it. The basic question is whether or not this authorization is for the best interests of the United States. I believe it is.

I asked Mr. Dulles when he was before the committee: What is the relative importance of this authorization to the defense of the United States? Mr. Dulles said that he thought it was more important than an equal amount in our own defense program because we got 2 or 3 times as much for the same dollar; because it was to array others on our side instead of our boys doing all of the fighting and dying alone.

You will find a new approach to the problem of foreign aid in this bill. Here we say to Europe for the first time that you must do certain things before you get the money. Some people do not like it. They do not like it in the State Department, they do not like it abroad. In this bill for the first time is the policy of telling the people of Europe: "Now, we have put you on your feet economically, we have given you all these billions to adopt a reasonable defense posture. We have sponsored the North Atlantic Pact with 13 other nations and we have joined them to guarantee your security if you are attacked."

You have offered to us a European defense community—the Netherlands, Belgium, France, Germany, Italy and Luxembourg—140 million people, the best educated, the best qualified and supposedly among the most patriotic people in Europe.

Only one parliament has ratified that agreement and that parliament is Germany's. President Eisenhower said and General Ridgway said that the EDC is hopeless militarily without Germany. Secretary Dulles said this money was going to be poured down a rathole if Europe reverted to its old system of balance of power, animosities, and everybody flying in different directions. If that happens in Europe, do you know what is going to become of the money

we spend over there? If the Russians do not come in, those people are going to fritter it away fighting each other in another war before long.

Mr. O'KONSKI. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Wisconsin.

Mr. O'KONSKI. I compliment the gentleman for his very excellent statement in showing how little difference there is between the foreign policy of this administration and the previous administration. I think the gentleman should go a step further and say that the only change in this bill is the amendment the gentleman himself introduced to put a little sense in the bill and that came from the minority side, not from the majority side.

Mr. RICHARDS. I thank the gentleman. I did introduce that amendment and I got votes from the Republican and Democratic sides. It carried by a good majority. This provision says to the European defense communities, the group of six nations that sat down in solemn covenant and agreed that they should form a united army without which they had no hope militarily to stand up against invasion by Russia, an agreement that has not been ratified by any country except Germany.

We say: All right; we want to help you. There is limited military support in here if you want to go alone; there is some economic aid in here if you want to go it alone. We say to France: We are helping you fight this war in Indochina with an authorization of \$400 million in this bill. In addition, there is for France \$100 million to increase military production.

We say: All right; we will go along with you that far at this time if you want to go it alone. But no longer, so far as we are concerned, will we vote to authorize one single dollar to send the best American arms and equipment to you individually, France, Belgium, the Netherlands, Italy, or Luxembourg, unless you do what you agreed to do and go through with the European defense community, without which you and we are pouring money down the rathole. For the first time the committee has written in this bill that those countries have to do something if they want this money.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Minnesota.

Mr. JUDD. Just to have the RECORD complete, some may have forgotten that when the first Mutual Defense Assistance Act was before the House in 1949 the gentleman from South Carolina and the gentleman from Texas [Mr. BURLESON], along with the gentleman from Ohio [Mr. VORYS] and myself, introduced substantially the same provision that 50 percent of the funds authorized for military assistance would be made available only when the countries who were to be the recipients in Europe developed a unified plan for the defense of Europe. The House passed that amendment and it went to the Senate and was lost in conference. But does

not the gentleman agree with me that we would be a great deal further along both in Europe and our own defense posture if that amendment passed by the House in 1949 had stayed in the bill? Our aim then was, naturally, not to be used as a stick but as a carrot to the extent that if and when they would get together and adopt unified defense plans the United States would come along with its substantial support.

Mr. RICHARDS. I thank the gentleman. That is correct. I had the honor of introducing that amendment, and I was very forcefully seconded by the gentleman from Ohio, the gentleman from Texas, and the gentleman from Minnesota. I think it had a salutary effect. But, let me tell you what happens in the executive department in regard to such amendments; and I am talking about both the Democratic administration and the Republican administration. Every year or two we have been writing something in this bill urging economic solidarity, political unity, and military integration, and every year they say, "Do not do that. You will make somebody mad." For 3 years we suggested it; but they held up their diplomatic hands in horror, but we did it anyway. The only way you are going to handle that is for the Congress to say, "We want to help, we want to go along with you, but there is an end to our resources." Russia hopes that it will economically bankrupt this country. That is its first hope. The other hope is that these democratic nations will fall apart and squabble among themselves. There is danger in each one of those Soviet hopes. Nevertheless, we should write it into law for the first time: "All right, Europe; we are willing to give you more than \$1 billion; but first unite, otherwise you will not get it."

Mr. CURTIS of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Nebraska.

Mr. CURTIS of Nebraska. I was interested in the gentleman's observation that the defense program could bankrupt this Nation. A great many thoughtful people, careful people, all over this country share that worry. Now, should that happen, then the United States loses the struggle both at home and abroad; is that not true?

Mr. RICHARDS. That is right.

Mr. CURTIS of Nebraska. With that fear present, is it not time that we examine the premise of what shall we defend and how much shall we defend; is that not true?

Mr. RICHARDS. That may well be true.

Mr. CURTIS of Nebraska. Is that not definitely tied up in the foreign policy as well as the military?

Mr. RICHARDS. That is right.

Mr. CURTIS of Nebraska. Well now, has there been any such reexamination of that policy?

Mr. RICHARDS. I want to say that our President has gone a long way in that direction. He thinks we can cut out some of the deadwood in our own defense program, and he has proposed that. He has cut way down from the Truman administration figure of \$7.6 bil-

lion in this program. The President of the United States, the Secretary of State, and the Mutual Security Director have done that. But I think we are just about down to rockbottom now.

The gentleman must have misunderstood what I said a while ago about the defense program breaking the country. The real question, the first question, is whether we are going to stand up. If so, how much money are we going to spend? If we are going to mortgage the future of our children to the extent of \$40 billion for defense, the next question is whether we are willing to spend one-eighth of that abroad in the hope and in the prayer that they will stand up with us. We know they will not without us.

Mr. SMITH of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. SMITH of Wisconsin. Will the gentleman indicate just where this so-called military threat comes from? As I recall the testimony, General Ridgway said that the Russians had a certain capability, but the gentleman will recall also that we had testimony this year as we had in 1947 that the Russians had 175 divisions on the western front, and that figure has not changed. I know the gentleman is serious and honest about this matter. I think there is a serious doubt as to whether we face a military threat rather than a political threat, and I should like to have the gentleman's views on that.

Mr. RICHARDS. As to the question whether or not we face a military threat, they are talking in that manner in France right now. They say we are not going to have a war, there is no threat. A lot of people think that even today France would not mobilize. I do not know about that, but certainly they would not fight effectively outside of a European defense community army. France is the key to this whole problem. I am not referring to nonratification by Luxembourg and the Netherlands. They do not want to get into any argument between France and Germany and be squeezed if European rivalries and European wars occur again. Do you think they are going to ratify the agreement without French and German acceptance? No. It depends on France. Since the end of the war France has received more money from the United States in economic and military aid than any other nation in the world, with the exception of Great Britain.

France says, "Don't tell us what we have to do." We should say, "We are not telling you what you have to do; we are just saying that if we pay certain bills for you, you must meet certain conditions."

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Ohio.

Mr. VORYS. As to the nature of the threat, for the first time this year we have had a high military officer, General Ridgway, come before us and describe in public session the Soviet threat. It is true, he said, that there are still 175 Russian divisions, but they have been increasingly motorized and mechanized.

There are now 20,000 planes with reserves instead of 14,000, and there are 300 submarines. That is five times the number of submarines that Germany had when it began the war. They have not been making this build-up for fun. When we talk about their capacity for war and think of the self denial that is forced on the Russian people by their gigantic arms program, they must mean business. They are not doing it for fun.

One other point: I note in the minority views a quotation from Secretary Dulles on this matter of economy. He says:

The American economy is the very heart of the strength of the free world, but our resources are not unlimited, and we dare not endanger our fundamental economic stability. * * * If economic stability goes down the drain, everything else goes down the drain.

That is the way he looks at it, and that is the way President Eisenhower looks at it, and they are the ones who are recommending this program the committee has brought to the floor.

Mr. RICHARDS. I thank the gentleman. That is a very forceful and correct statement.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from New York.

Mr. JAVITS. I just wanted to say this to the gentleman in connection with his statement in the committee about the billion-dollar reservation for the European Defense Community: I was one of those who opposed it. I believe the House ought to have the other side of the medallion. Is it not a fact that, despite the failure to keep in the 1949 law the reservation with respect to defense plans which implied the creation of a North Atlantic Treaty Organization, that despite the fact that there was no such reservation in the bill when finally passed by the Congress, NATO was formed and functioned, and successfully? Have we not, therefore, the right to expect the same will be true as to the EDC without any such reservation as contained in the bill which I consider to be a restriction doing grave damage to the whole question of NATO rearmament?

Mr. RICHARDS. Do not confuse NATO with the European Defense Community. There are 14 nations in NATO, including ourselves, Britain, and Canada. There is no commitment of more funds to NATO. That is a guaranty about certain things if other nations do anything. The European Defense Community is a closely knit group of 6 nations in Europe with 140 million people. They must have a uniform army to be effective.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. DONDERO. Some years ago, since the end of the war, I stood on a street corner with General Clay in Berlin, Germany, and he made this statement, "That the German people perhaps were the most industrious people of Europe," and the question is: What was the reason behind omitting Germany from any aid in this bill?

Mr. RICHARDS. There is money for Germany in the bill, although we do not have really a peace treaty with Germany. Germany is in a different status. But do not forget militarily we are spending plenty of money in Germany. Do not forget that.

Mrs. KELLY of New York. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mrs. KELLY of New York. I compliment the gentleman on his very fine statement. I would like to bring to the gentleman's attention in answer to the statement of the gentleman from Wisconsin [Mr. SMITH] the statement on page 3 of our report where Secretary Dulles said in his opening statement, "Our country is confronted by a very grave threat. There is not yet any evidence that this threat has diminished, or will diminish within the foreseeable future," and so on. I bring that to the attention of my colleagues that they may read it if they wish.

Mr. RICHARDS. I thank the gentleman for calling that to our attention.

Mr. HAYS of Arkansas. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. HAYS of Arkansas. I am not sure I understood the gentleman with reference to France. I do understand why France comes into the discussion, but does not the gentleman believe that the defense France is making against communism in Indochina, a defense that is taxing their resources, is indicative of the will to stand against the Communist threat?

Mr. RICHARDS. In fairness, I should say for France that it has spent just about as much money fighting in Indochina as we have given her in military aid.

Mr. MORANO. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. MORANO. I want to correct the impression left by the question of the gentleman from Michigan. There is \$353,527,000 in this bill for Germany.

Mr. RICHARDS. The money for Germany is contingent upon the acceptance of the contractual arrangement by all parties.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. FULTON. I would like to point out to the committee where they can find the proper figures on military aid in the 1954 program. It is on page 12 of the committee report under a title called "Title I, Mutual Security Aid to Europe." That is divided between mutual defense material and training in Germany \$338,527,000 and defense support \$15,000,000, which is economic aid.

Mr. RICHARDS. I thank the gentleman.

Mrs. CHURCH. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mrs. CHURCH. I merely wish to state I think the gentleman from Ohio has given evidence that the strength of the Soviet forces has increased. But I wanted to ask the gentleman from South Carolina who has introduced, what

seems to me, a very sound amendment to this bill, as it appears in the committee print, whether or not he thinks the courage and the will and the desire and capacity to fight that Soviet strength has increased relatively as the increase of the Soviet strength has developed?

Mr. RICHARDS. With reference to that, all I can say is that it has worried me a great deal. I am not making any indictment against the patriotism of any people anywhere. All I know about that is what I have seen and what I have read. And what I have seen and what I have read has caused me grave concern.

Mr. Chairman, it is no pleasure for me to come here year after year to ask for appropriations for foreign aid. It is no pleasure for me to have to go down to my hometown and have some fellow on the street come by and tell me, "What are you appropriating this money for these foreigners for?" It is no more pleasant for me than it is for you. But honestly this question in my mind is whether or not it is in the best interest of the United States to do it. I think it is. I owe no allegiance to a French flag, or a British flag, or a German flag, or any other foreign flag. The old flag that I love is the Stars and Stripes of the United States. If we are going to have liberty, if we are going to have freedom, if we are going to enjoy democracy, we are going to have to fight for it. If communism is to be successfully met; we must not only meet it here, but around the world.

Mr. VORYS. I yield 10 minutes to the gentleman from Ohio [Mrs. FRANCES P. BOLTON].

Mrs. FRANCES P. BOLTON. Mr. Chairman, H. R. 5710 is before you. Your Committee on Foreign Affairs has labored arduously and long to bring you an authorization bill which you will want to support. It was voted out of committee by a vote of 17 to 5. One of those five votes was not against the measure—only against the time of acting upon it.

I am here to support the bill and hope that it will pass promptly with as few, if any, changes. There are matters in it with which I do not agree; that is true. But I am certain that we have a responsibility in the world today which we cannot avoid—from which we may not retreat. Some of this responsibility is expressed in this legislation. The result of failure would certainly be very far-reaching. I am not and never have been one to shirk responsibility, even though I may not agree with every suggested method with which it is to be carried out.

You have heard a very able presentation of the bill from the distinguished ranking Republican of our committee, the Honorable JOHN VORYS, of Ohio. Untiring in his efforts to clarify all doubtful points on such measures as come before the committee, indefatigable in his determination to give the House a clear picture of the complex matters involved, JOHN VORYS has never done a better job than this. I am sure I express the feeling of every Member when I say to you, JOHN, that we are proud to work with you; proud of you as a Member of this great body; one who

has assumed ever-increasing personal responsibility, with a quiet strength, and, in this instance especially, often subordinating your own personal feelings to the wishes and the will of the committee.

I also want to express my deep appreciation of the loyalty and support which the distinguished gentleman from South Carolina [Mr. RICHARDS], the ranking Member on the Democratic side, under whose able chairmanship we have all served, has given to the work of this committee. We always want his opinions. He gives them, as he says, without partisanship and with much frankness, always in what he considers to be the best interests of the United States.

I would remind you that the legislation before you is not an appropriation. It represents a succession of reductions which have brought it from the \$7,600,000,000 of the Truman budget to \$4,998,000,000 setup in H. R. 5710—a total cut of \$2,602,000,000. This represents, first of all, the determination of the present administration to cut at all points. It represents also, let us not forget, the considered judgment of the President of these United States—a man who probably knows more than any man in this country the gravity of the world situation and our position of influence and responsibility in the family of nations. It is this man who, after careful study, cut the original budget request by \$2,126,000,000. The cuts made by our committee come to \$476 million, which brings to you a bill limiting appropriations under the act to \$4,998,000,000.

When it was presented to us, the President said this:

I present this whole program to you with confidence and conviction.

Let us be worthy of his confidence.

He continued:

Were the United States to fail to carry out these purposes, the free world could become disunited at a moment of great peril when peace and war hang precariously in balance.

In my judgment, it represents a careful determination of our essential needs in pursuing the policy of collective security in a world not yet freed of the threat of totalitarian conquest. * * *

Unequivocally I can state that this amount of money judiciously spent abroad will add much more to our Nation's ultimate security than would an even greater amount spent merely to increase the size of our own military forces in being.

It seems to me, Mr. Chairman, that we who have accepted the role of leadership in a world spiraling toward self-destruction must take firm hold of the confusions and misconceptions here in our own country and all over the world. We are known to be strong, yes; and we must be willing to pay the price of strength. That very strength gives rise to fear of us and of our motives in the hearts and minds of others who have never really known and experienced the miracle of strength and power to do for others as we have used it.

I find myself increasingly out of patience with those who say that Western Europe will never unite. How long did it take us to unite? How long were we in trying to form a government? Remember, we were a people who all spoke the same language, whereas these nations

of Western Europe do not. In addition, they have fought each other for centuries and wars breed all too much suspicion and hatred to be good soil for unity.

Mr. GROSS. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state his point of order.

Mr. GROSS. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and two Members are present, a quorum.

The gentlewoman from Ohio will proceed.

Mrs. FRANCES P. BOLTON. Mr. Chairman, as I was saying, I find myself increasingly out of patience with those who say the nations of free Europe are not going to unite. I protest that they have progressed far along the road and that we should have faith in the sincerity of their efforts. Mr. Chairman, I submit that we are a very emotional people, we sway now here, not there, in our desire to do for others. We do not stay on the road, Mr. Speaker. We expect one gesture in some one direction to solve a problem. When it does not, we say, "You see they don't appreciate what we have done—so let us do no more."

Let me illustrate my point: 2 years ago nothing was too much for the people of this country to do to urge the Italian people that communism would get them nowhere. Short waveradio from women here to the friends and families in Italy—letters, cables with our labor unions lending money and men to give Italy the true picture of Communist control. Was anything of that sort done before this recent election? Dare we blame Italy because freedom won by so close a margin when we know what tremendous efforts we have to put out to bring our own people to the polls? Yet there are those who say the narrow margin shows that what we have done in the past has been useless and we should withdraw all help?

Now I would ask you to look at the world for a moment without your pink glasses.

Have you considered coldly the question of what would happen here if we pull out of any one of the areas where our help is being given? These areas are more necessary to us, both now and in the future, than we like to think them. Yes—we have great physical riches—metals, oils, and so forth. We can produce in quantity. But where would our markets be? What would lack of world markets do to our standards of living?

The ultimate—and not too distant—result of the isolation which would be ours bit by bit might well be starvation. Sit down for a moment and think realistically and quite coldly of what would happen if Europe goes under. The kind of isolation that would ensure would be a very dangerous thing for us. What would you do to keep up our standard of living if we had no export trade, and we certainly would not have any if we al-

lowed Europe or Asia or both to be drawn behind the Iron Curtain.

Take off your rosy glasses for a moment and look at the world with me.

The Russians dominate much of the world. Where they do not rule by armed might, they dictate by intense moral persuasion and fear. Their hirelings present communism as an economic program, a way of life and a religion. For a time many of the world's people were fooled until they found themselves trapped. For those locked in the satellite countries there may be no way back, but we are their only hope, let us not forget that. But look at Berlin. What an object lesson there. For 8 years the Russians have had the East Germans under their yoke. The "people's democracy" rules at full force over these unfortunate people. Where the "democracy" does not take effect, Russian troops move in.

All along, the Communists have been aware that East Berlin was a window into their Iron Curtain. So they have not spared their efforts to paint the window as a model of Communist government.

So confident were they, that last Tuesday they encouraged a few picked workers to protest a work speedup program. After 5,000 laborers marched in East Berlin, the party politburo quickly reduced the work quota and assumed everything was back to sweetness and light.

But it did not work that way. The Reds had lifted the lid of oppression just long enough for the delicate air of freedom to sift through.

Yesterday tens of thousands rioted through the streets of East Berlin. They demanded free elections, resignation of the Red government and a united Germany. It took a division of hardened Russian soldiers to restore order.

Is this not amazing? People, unarmed, rising up against tanks and guns? People who know that merely to be seen on the streets during a protest demonstration means a knock on their doors by the revengers some night in the future?

There was not a chance on earth that they could drive the oppressors from their land. But they were willing to risk being shot down to prove to the world that men everywhere will die for liberty.

They fought—blindly, hopelessly, bravely—for us to see. They spilled their blood to show that men, women, and children will not succumb to the horrible domination by a totalitarian ruler without a battle to the end.

Their bodies may be in chains, but their hearts are free.

Other nations are looking at this and then turning to us. They are not yet under the heel of Russia. They want to fight, and those among them who hesitate are strengthened in their determination to fight by every such uprising.

By passing this bill we tell the free world that we accept its leadership in a battle that we recognize is ours.

I would say quietly to anyone who questions me as to my reasons: "Unfortunately, my friend, we have to do these things. They are the price we pay for greatness. The days when we were ir-

responsible have gone forever. I say to you we are not in a position to withdraw from anything."

We look out into the world to find few, if any, friends. But I contend this matters little. It does not take from us our responsibility to win through to peace. We cannot step aside. Mr. Chairman I contend that if we are true to ourselves and to our destiny we may not retreat from the obligations laid upon us in these last years. We must continue to carry the heavy burden of responsibility. We must work, not for ourselves, but for all that is important. There is no other way. What we are doing cannot be a matter of dollars only, nor can we count its results in visible value received.

Mr. Chairman, no man nor any nation can buy friendship. I want to make it very clear that I am not supporting this bill to pursue such an illusion. I am supporting it and asking you to do so with me because I believe it is part of the price we must pay for our strength and for the responsibility for leadership.

Why, you ask, is there money left over? Why do we authorize more still? Because if we should not do so we would give them reason to believe that we may once again walk out on them. Such discouragement at this moment could well break the slender thread with which the vision of the few is bit by bit fastening together the pieces that will unite the nations of Europe.

This is a serious moment. Surely you see we may not withdraw. If we do, then, indeed, will we take a terrible responsibility for the future.

This does not mean that we do not examine every phase of the programs presented herewith. It does not mean that we permit the continuance of extravagance if it exists. Rather does it mean that we insist that in every expenditure each penny must do its full service in the strengthening of the free world of which we are the center and the strength.

I urge you with all the strength I have to pass this bill.

Mr. CURTIS of Nebraska. Mr. Chairman, will the gentleman yield.

Mrs. FRANCES P. BOLTON. I yield gladly to the gentleman from Nebraska.

Mr. CURTIS of Nebraska. The gentleman referred to the 4 billion 9, I believe it was, in this bill. Does that include carry-over funds?

Mrs. FRANCES P. BOLTON. I believe so.

Mr. CURTIS of Nebraska. In other words, the passage of this bill will limit the spending to four nine?

Mrs. FRANCES P. BOLTON. Oh, no. I fear I did not understand the gentleman's question.

Mr. CURTIS of Nebraska. What will be the limit on spending in the fiscal year 1954?

Mrs. FRANCES P. BOLTON. I would not be able to tell the gentleman the limit to be spent because I do not know how much will be spent. The limit on funds will be something like \$14 billion.

Mr. CURTIS of Nebraska. \$14 billion?

Mrs. FRANCES P. BOLTON. With a carry-over included of some \$10 or \$11 billion.

Mr. RICHARDS. Mr. Chairman, I yield such time as he may desire to the gentleman from Wisconsin [Mr. ZABLOCKI].

Mr. ZABLOCKI. Mr. Chairman, the splendid presentation of the former chairman of the Committee on Foreign Affairs, the Honorable JAMES RICHARDS, emphasizes the far-reaching importance of the legislation that we are considering today.

The Committee on Foreign Affairs has given careful consideration to the critical world situation, and to the policies that our country must continue as the leader of the free world to attain peace and security. It is my sincere conviction that favorable action on this legislation is vital to our national interest.

The present struggle between East and West, between atheism and religious liberty, between tyranny and freedom, is unparalleled in the history of mankind. It is a conflict which does not recognize national boundaries, and which involves every people on the face of the earth.

This is the first showdown contest in human history in which every nation, on every continent, will eventually have to take one side or the other. There will be no safe middle ground, no refuge, in which a nation could hide in peaceful isolationism. The age in which America, or for that matter any other large nation, could isolate itself from the troubles and tribulations of the rest of the world, is long gone. It disappeared with the invention of the atom bomb, of guided missiles, and of the airplanes which can travel faster than sound.

Some of us are inclined to be very little concerned about what happens in China, in the Near East, in Africa, in Europe, in South America. But the fact remains that what happens there will inevitably affect our lives—yours and mine. The developments on other continents may determine how we are going to live, and whether we are going to live.

During the past few years I was on two study missions to Europe and the Near East. We covered Europe from England to Austria, from Spain to Yugoslavia. I even managed to get behind the Iron Curtain, into Hungary. More recently, I was on a study mission headed by the Honorable CHESTER MERROW, of New Hampshire, which took us to the Far East, from Pakistan and India, to Siam, Indochina, and the Philippines. My observations on those trips convinced me that this earth of ours is in the throes of a revolution which encircles the globe.

But one does not have to leave the United States or, for that matter, your own home, to realize what is going on. Radio, television, and newspapers bring the news to our doorsteps. We know that Communist Russia appears to be the most powerful single force in this world revolution, which reflects itself in political, social, and economic spheres. We know that Russia has extended her domination over one-third of the human race, and is striving for even larger conquests. We know that she is an enemy of our way of life, and that she is dedicated to the idea of spreading the rule of communism throughout the world. And to a degree Russia has been suc-

ceeding because situations and lack of foresight have almost defaulted areas to Communist conquest.

We also know that the Soviets took over Eastern Europe, and that the repercussions of that move are rocking Western Europe; and that the whole of Asia is in a state of turmoil; that fires of revolution burn brightly in parts of Africa, and even in Latin America; and that the Near East is torn with strife and disorder. Wherever we look, the conditions are full to the very brim with trouble.

What can be done to change that situation, and to bring order, peace, and justice to the world?

The answer to this question is not easy, simply because the problems which the world faces are complicated, and cannot be solved overnight. Their solution requires patience and sacrifice, on the part of our governments, and on the part of the peoples. The biggest problem facing our leaders in Washington since the end of World War II has been twofold in scope: in the first place, there has been this growing threat of Soviet Russia, which has been getting stronger and stronger, and threatening another world war. Secondly, there was also the problem of our allies, who were partially destroyed by war, disunited, and in need of help.

Because, after World War II, our Nation became of necessity the leader of the free world, we had to set the pace in the struggle with communism. We knew that force is the only thing which the Communists respect. As a result, we have tried to build our own strength, and the strength of our allies. By matching our strength with the Communist strength, we stopped Communist expansion in Greece, in Turkey, in Iran, and we are stopping it today in Korea. If we had not done that, the countries which I just mentioned, and maybe several others, would today be under Communist rule, and Soviet Russia would be that much stronger, and closer to the attainment of world communism advocated by Trotsky, Lenin, Stalin, and Malenkov.

In the second place, our Nation has tried to eliminate social conditions which give rise to communism. Hungry and discontented people will follow the leaders who promise them bread. They are in no mood to argue about political democracy, or the high ideals of freedom, liberty, and justice. They want food.

Through the Marshall plan, and the point 4 program, United States has tried very successfully to help the free nations to improve their living conditions. Our efforts in this field constituted an experiment unparalleled in history. There has never been a time when one nation would go out of its way, and through self-sacrifice and self-denial extend as much help to others as we have done during the past 8 years. Yet, on the other hand, our aid programs were good business, because by helping others we were building our collective strength, building our security, and our prosperity.

To my colleagues who would condemn our Government for instituting the Mar-

shall plan, for originating the point 4 program, and for extending help to our allies in other ways, I would like to point out that the total moneys we have spent on those projects since the end of World War II is less than we spend in 1 year on our military defense. And we know that the returns we receive from those projects are many times the value which we derive from the economically unproductive manufacturing of armaments.

I have spoken to you about the things which we did during the past 8 years. We should, however, also look to the future, and to those thoughts I would like to devote the next few moments.

Our Government is presently being managed by a new administration headed by President Eisenhower. In many instances the leaders of this new administration have shown that they understand the problems which face our Nation and the entire free world. Some of the leaders realize what steps must be taken to solve those problems and to avert world war III, which we all hope and pray and labor and even fight to avert.

Many administration leaders have gone on record favoring the legislation before us. In the course of the hearings held for more than 3 months by the Committee on Foreign Affairs, we have received testimony from many members of the executive branch, from our representatives abroad, and from our military authorities.

The committee has carefully analyzed the facts which they presented to us, conducted its own studies, and endeavored in every possible way to determine the exact extent to which our Nation has to participate in this mutual-security program to give us a reasonable degree of security in the face of the Communist threat.

The results of our findings and of our convictions are embodied in the bill before this House. This measure calls for mutual-security-program authorizations of \$4,998,000,000, which is \$476 million less than what the administration requested and \$2,602,000,000 less than the original budget estimate.

In my sincere opinion, the mutual-security-program authorization for fiscal 1954 has been cut as much as it ought to be cut. To curtail it even more would be dangerous. We must all realize that our country is confronted by a very grave threat, and that this program is based upon solid considerations of self-interest. This program has nothing to do with pure charity, and, as has been pointed out before, it will give our Nation—our people—more security than we could get by spending the same amount of money on a purely national program.

Mr. Chairman, it is my sincere hope that the membership of this body will act favorably on this vital legislation. The path which leads to security and to just and lasting world peace is not easy to travel and requires real sacrifices, such as those which are called for in this legislation. In traveling along that path we have in the past met with disappointments and delays. Undoubtedly we shall come upon them again in

the days that lie ahead. But this does not detract from the realization that we have been moving forward, and that, with determination on the part of our people and of our allies, we shall reach our goal.

I join with the members of my committee in earnestly urging the membership of this body to take favorable action on the mutual-security-program authorization before us.

Mr. RICHARDS. Mr. Chairman, I yield 9 minutes to the gentleman from the Ozarks in Arkansas [Mr. HAYS].

[Mr. HAYS of Arkansas addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. CHIPERFIELD. Mr. Chairman, I yield 10 minutes to the distinguished gentleman from New Hampshire [Mr. MERROW].

Mr. CURTIS of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. MERROW. I yield briefly to the gentleman.

Mr. CURTIS of Nebraska. I just want to observe, following this colloquy which has just taken place, and state for the record that I was not discussing the merits of this. I made no proposal about throwing out blueprints or projected planning, but am merely raising the point that budgetwise the Congress comes in after the act and has to ratify it.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. MERROW. I yield to the gentleman briefly.

Mr. FULTON. Actually the contracts which are being entered into now are for deliveries 20, 25, 27, and 30 months from this date. You cannot make a jet plane in under 27 months or thereabouts. If we took the gentleman's inference that we stop right now and underwrite no more funds, we would have to cut off these items that are very necessary like jet planes and tanks and other electronic equipment that is necessary to contract for at the present time.

Mr. MERROW. Mr. Chairman, as has been pointed out in the able presentation made by the gentleman from Ohio [Mr. VORYS], the bill, H. R. 5710, the Mutual Security Act of 1953, carries a total authorization of \$4,998,000,000. I want to reemphasize the fact that this measure has been reduced several times. President Truman asked for a total of \$7.6 billion. The present administration requested, in the first place, \$5,828,000,000. Then, after reconsideration, it was reduced to \$5,474,000,000, and the committee reduced the measure still further, so that, in all, there has been a reduction of \$2,602,000,000 in this mutual security program.

I think we should take this into consideration as we contemplate possible further reductions in the measure. I would like also to emphasize that this is an authorization bill and not an appropriation bill. I believe that the committee has presented to the House a good measure. Every item in this mutual security program was carefully studied and analyzed by the committee.

As I have already pointed out, substantial reductions have been made, and, in my opinion, this does not impair the effectiveness of the program, but I hope that the measure in its various items will not be cut further.

Our mutual assistance program over the years has been successful is strengthening our allies and increasing the power of the free world. It is a good investment for the United States. Our security and our survival are at stake in this universal struggle to maintain freedom and to construct a peaceful and a decent international society.

This mutual security program, as has been emphasized here very ably on the floor this afternoon, is a vital part of our defense and is a significant factor in our security. It is essential to our leadership in the free world. And it is my hope that this authorization bill will not be further reduced.

I am sure that you will agree with me that if the program is worth doing—and there is incontrovertible evidence that the mutual security effort is essential—then it is worth doing well. This measure should not be cut to a point where its effectiveness would be reduced or impaired. There is, I believe, a point beyond which we cannot reduce the mutual security authorization and appropriation without impairing the effectiveness of the measure. And in view of the fact that there have been several cuts, as I have pointed out here this afternoon, it would seem to me that we have reduced the measure as much as it ought to be reduced in an authorization bill, especially in view of the fact that the money is yet to be appropriated by the Appropriations Committee.

There are two important parts of this bill which I would like to emphasize. In the first place, more emphasis has been placed on the East. The plans for assistance to Africa and Asia have been enlarged, made more flexible. And I call the attention of the membership to the table on page 5 in the report which accompanies this bill. This table gives a comparison of the money allocated to Europe and the East for 1953 and 1954. You will see that we have placed more emphasis this time on the East than previously. Every day the importance of the East becomes greater, and I feel it is well that we have recognized this in the present bill and have made available a larger percentage of funds for the countries in the East, and Southeast Asia.

There is another section of the bill which has been emphasized here this afternoon and which I would like to call attention to again. We all agree that greater unity in Europe is most desirable and essential in this struggle against the tyranny of communism. All of us had hoped that the European Defense Community would be established by this time. There is a lag in the formation of the European Defense Community which we hope will soon be overcome.

"The bill," as the report states, "provides that not less than 50 percent of the funds authorized for military assistance to Europe in fiscal 1954 shall be made available only for the European Defense Community."

This provision, in my opinion, will stimulate the formation of the European Defense Community. I want to take this opportunity to compliment the gentleman from South Carolina [Mr. RICHARDS], who has discussed this part of the bill this afternoon. I have long supported the attaching of conditions to the aid we extend to various countries.

I am glad that last year the House wrote into the bill an amendment which I offered stating that the Mutual Security Director shall insure that no country receive funds under this act unless it take decisive action to marshal its resources with the integration and unification plans of a given area. I think that the new provision in the bill we are now considering is an essential and important part of the legislation.

Mr. GROSS. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. GROSS. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After a pause.] Evidently a quorum is not present. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 58]

Barrett	Hébert	Moulder
Becker	Hoffman, Ill.	Oakman
Bentsen	Jonas, Ill.	O'Brien, Mich.
Berry	Kee	O'Brien, N. Y.
Bolling	Kilday	O'Hara, Minn.
Brown, Ohio	King, Calif.	Patman
Brownson	Klein	Philbin
Bush	Kluczynski	Phillips
Celler	Krueger	Powell
Chatham	Landrum	Regan
Clardy	Latham	Rogers, Fla.
Cooley	Love	Scherer
Coudert	McConnell	Shelley
Davis, Tenn.	McIntire	Sheppard
Dawson, Ill.	McVey	Staggers
Dies	Mack, Ill.	Thornberry
Dingell	Mahon	Vinson
Fogarty	Martin	Walter
Gamble	Miller, Calif.	Wharton
Hale	Miller, Kans.	Wigglesworth
Hart	Mollohan	Wolcott
Harvey	Morrison	

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. ALLEN of Illinois, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H. R. 5710, and finding itself without a quorum, he directed the roll to be called, when 354 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. The gentleman from New Hampshire [Mr. MERROW] is recognized.

Mr. VORYS. Mr. Chairman, will the gentleman yield? I would like to yield 1 minute to the distinguished floor leader at this time. I yield the gentleman from New Hampshire 1 additional minute so that the gentleman from Indiana may be recognized.

Mr. HALLECK. Mr. Chairman, as I said yesterday, it is our plan and it is still our plan to conclude general debate on this measure today; so, whatever time

it takes, we shall be here until it is concluded. This, of course, is an important measure; the Members should be interested in it and should, if at all possible, be present here on the floor during the sittings of the Committee of the Whole in order to hear what is being said.

As a practical matter points of order, of course, will lie if a hundred Members are not present. I earnestly request that in the interest of expediting the action of the House Members who have committee meetings forego business for the afternoon and stay here on the floor in order to keep a quorum present and to give attention to the things that are being said about the bill and to conclude the general debate so that we can go on with the reading of the bill tomorrow.

I may say in repetition of what I said yesterday that it is our expectation that we will meet at 11 o'clock tomorrow and will proceed with the reading of the bill tomorrow. If it is concluded tomorrow we will go over to Monday. I withdraw that; there might be some matters of lesser consequence that could be disposed of on Saturday. But, otherwise, if this bill is not concluded tomorrow night it will be necessary to meet on Saturday to conclude it, because as we all understand, the authorization bill must be acted upon by the Congress before action can be taken on the appropriation for MSA, and, of course, in respect to that time is running out.

Mr. MERROW. Mr. Chairman, in April of this year I served as the chairman of a study mission which included three of my colleagues, the gentleman from Minnesota [Mr. JUDS], the gentleman from Missouri [Mr. CARNAHAN], and the gentleman from Wisconsin [Mr. ZABLOCKI], that made a study of Pakistan, India, Thailand, and Indochina. I wish to call the attention of the committee to the funds provided in this measure for these areas. You will find on page 13 of the report that accompanies the bill we are now considering that the technical assistance and special economic assistance for India amounts to \$109,900,000; Pakistan, \$27,500,000; Thailand, \$5 million; and Indochina, for special defense financing, \$400 million. Under leave to extend my remarks in the RECORD I am going to include certain conclusions that were written into the report of the special mission that visited these four countries, conclusions that will substantiate, I believe, and justify the expenditures for these countries to which I have just referred. I would like to quote from the report of our study commission.

At this time I want to call the attention of the committee to the statement in our report in reference to Pakistan. The report states:

The study mission was told that an immediate emergency food shortage exists, which the mission agrees must be promptly met, otherwise there may well be serious internal disorders.

We will be considering the subject of food shortage in the near future. But we went on to state:

Important though this emergency is, it should not be the overriding consideration in the formulation of a program for the fiscal year 1954; the main consideration must

continue to be a patient and persistent approach to the problems of Pakistan in a long-range effort to assist within our available means in developing its material and human resources in a sound and effective manner. There are no effective short-cuts to what is necessary in solid achievement. More investment capital from outside sources can only be supplementary to the effort which the Pakistanis must make themselves to develop and improve their own capabilities for dealing with their problems. In all of this, technical assistance is one of the chief means by which the United States has been assisting Pakistan.

Technical assistance is one of the chief means by which the United States has been assisting Pakistan. In the continuation of this program for not only Pakistan, but India, Thailand, and other countries we will be assisting in a long-range program of development and there is great need for economic development in these underdeveloped countries.

The CHAIRMAN. The time of the gentleman from New Hampshire has expired.

Mr. RICHARDS. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. MERROW. I thank the gentleman.

Mr. CARNAHAN. Mr. Chairman, will the gentleman yield?

Mr. MERROW. I yield to the gentleman from Missouri.

Mr. CARNAHAN. I want to take this time to compliment the gentleman for the capable and balanced leadership which he brought as chairman to this study mission of which I had the honor of being a member. From what we saw and learned of the area about which he is speaking now, I join with him in saying that the potential from that area for the free world certainly justifies a continuation of our assistance to them.

Mr. MERROW. I thank the gentleman for his kind words. May I say that I appreciate his cooperation and the cooperation of the other members of the study mission who visited these countries during April.

I wish I had an opportunity to refer to various sections of the report which deal with this particular bill under consideration, but time does not permit. I would like to call attention, however, to the fact that in India there is a 5-year development program, 2 years of which have been completed. The total cost of the program will be \$4,250,000,000, largely financed by the Indian Government.

Mr. COLE of Missouri. Mr. Chairman, will the gentleman yield?

Mr. MERROW. I yield to the gentleman from Missouri.

Mr. COLE of Missouri. The gentleman spoke about Pakistan. I notice on page 75 of the hearings that Pakistan is exporting cotton to Communist China. Does the gentleman want us to continue to aid Pakistan in order that they may trade with the enemy?

Mr. MERROW. I think that trading with the enemy should be stopped and I hope we will be able to do that. Pakistan, however, is very friendly to the United States and in my opinion it is oriented to the West. The country is

doing what it can to help us in this struggle against communism.

Under leave to extend my remarks I include the following excerpts from the report of the special study mission to Pakistan, India, Thailand, and Indochina:

Longer range prospects: It must be emphasized that the current and prospective economic problems in Pakistan are the result of two concurrent and unexpected events—the sharp decline in export proceeds and bad wheat crops in 1952 and 1953. From a longer range view, economic prospects are considerably better. Normal weather would go far toward removing the wheat deficit while irrigation, fertilizer, and other agricultural improvements offer hope of a substantial increase in productivity. Major new industries now under construction particularly cotton textiles and jute, will lessen dependence on imports and diversify the economy. Improved electric power and transport facilities will increase the rate and effectiveness of both agricultural and industrial expansion. These future prospects, together with the evidenced determination and drive of the Pakistan people, are the basis on which the judgment is made that, in the future, requirements for foreign economic aid should be considerably lessened.

Summary: Belt tightening as a consequence of reduction in foreign exchange earnings and budgeting income is the classical and approved economic answer to such problems. It is already taking place in Pakistan as indicated both by the limitation of imports and the reduction of Government expenditure.

However, the fundamental economic situation in Pakistan is substantially different from that in countries more highly developed. The country has little fat to sacrifice; its people are already close to, or at, a subsistence standard of living; its national reserves of foreign exchange and local government funds are already dangerously low. There is no margin left to cut without affecting the basic livelihood and expectations of the people.

Prior to partition, India and what is now Pakistan formed an economic unit, one area supplementing the needs of the other. Now that partition has been achieved, Pakistan finds herself in a difficult position due to her lack of industrialization—such products as jute and cotton, for example, must be shipped to India where they are processed. A settlement of the problems which exist between the two countries would go a long way toward solving this most difficult situation.

The study mission was told that an immediate emergency food shortage exists, which the mission agrees must be promptly met, otherwise there may well be serious internal disorders. Important though this emergency is it should not be the overriding consideration in the formulation of a program for the fiscal year 1954; the main consideration must continue to be a patient and persistent approach to the problems of Pakistan in a long-range effort to assist within our available means in developing its material and human resources in a sound and effective manner. There are no effective shortcuts to what is necessary to solid achievement. More investment capital from outside sources can only be supplementary to the effort which the Pakistanis must make themselves to develop and improve their own capabilities for dealing with their problems. In all of this, technical assistance is one of the chief means by which the United States has been assisting Pakistan.

INDIA

The 5-year plan

The group arrived from Pakistan in New Delhi, India, April 5 (Easter Sunday), and after luncheon with the chargé, Mr. Sheldon

Mills, was briefed by him and members of the Embassy and TCA staff on the political and economic situation in India, as well as on TCA and economic development programs. The study mission went in the afternoon to a conference with Mr. C. D. Deshmukh, the Minister of Finance, and Mr. D. T. Krishnamachari, the Deputy Chairman of the Planning Commission, and other members of the Commission. The major portion of this conference was devoted to an outline by the Indian officials of their 5-year development program, 3 years of which remain. Mr. Deshmukh pointed out that the program will cost approximately \$4.25 billion. India will be able to cover two-thirds of this from taxation, borrowing, and some aid already received. This leaves a gap of \$1.4 billion. Against this they have \$600 million equivalent in sterling balances. They will then need \$800 million after the full employment of all of their resources. Against this they expect that their friends in the Commonwealth will be able to provide a small amount—Canada perhaps \$13 million; Australia some \$3 million a year; the International Bank (IBRD) has loaned \$50 million plus \$30 million for a steel project and perhaps \$20 million more for a steel plant—a grand total of approximately \$120 million. This will leave a deficit of some \$700 million according to Mr. Deshmukh.

Mr. Deshmukh expressed the hope that the United States would make up the deficit of approximately \$200 million a year for the remaining 3 years. He indicated that he understood the practical difficulties in obtaining this assistance. He indicated further that it would be desirable that one-half of this assistance be on the commodity side—the equivalent of 1 million tons of wheat. If this potential wheat-import requirement could be underwritten, it would enable them to have confidence in going ahead with expenditures in rupees. The wheat is needed to control inflation. Mr. Deshmukh explained that it was the hope of the Indian Government that in carrying out the 5-year plan, it would be possible to permit moderate increases in the low standard of living of the Indian people during the development period. In answer to a question as to what the Indian Government would do should such outside help not be forthcoming, he replied that they would nevertheless attempt to complete their program but that they could not tell at what cost or hardship to the Indian people it would be accomplished. Two years of the program were completed by the end of March 1953, which is the end of the Indian fiscal year. It represented an expenditure of \$1.3 billion of the \$4.25 equivalent total cost of the program, leaving \$2.9 billion for the remaining 3 years.

Mr. Deshmukh informed the group that United States emergency food aid to India prevented food riots and, by relieving serious inflationary pressures, had a tendency to stabilize the economy.

* * * * *

The study mission recommends that a further careful analysis be made of India's 5-year plan. This is especially important since every form of United States assistance to that country is geared to the plan. If the Congress is asked to render assistance to India by way of meeting the deficit in the 5-year plan, it should be one of the major functions of the legislative branch to make certain that it is not underwriting an over-ambitious program.

THAILAND

1. The people and country

The people of Thailand are friendly disposed to the United States. In the view of the study mission, the Thai people can take great pride in their country and the progress they have been able to achieve. The capital, Bangkok, is a progressive city and an

indication of the improvements which are possible throughout the land.

2. STEM program

The Special Technical and Economic Mission (STEM) maintained in the country by the Mutual Security Agency is doing commendable work in coming to grips with Thailand's basic problems—agricultural and economic.

3. Strategic location

In view of the strategic location of the country, it is vital that its independence be maintained and that United States assistance be continued along substantially the same lines as the present programs. This should encourage a further development in Thai living conditions, inspiring the people to want to defend their country and way of life.

INDOCHINA

Strategic importance

The area of Indochina is immensely wealthy in rice, rubber, coal, and iron ore. Its position makes it the strategic key to the rest of Southeast Asia. If Indochina should fall, Thailand and Burma would be in extreme danger; Malaya, Singapore, and even Indonesia would become more vulnerable to the Communist-power drive; and Ceylon, India, and Pakistan would find it difficult to maintain the freedom of action which they envisage for themselves in Asia.

An Asiatic Communist empire holding the Indochinese-Malay Peninsula together with Indonesia—controlling over 90 percent of the world's natural rubber and some 60 percent of its tin and dominating the great shipping lanes of the Pacific and containing some 150 million people—could deal powerful blows to the economy of the free world. Communism would then be in an excellent position to complete its perversion of the political and social revolution that is spreading through Asia. The resultant world of fear and insecurity would indeed be a tragic one in which to live. The Communists must be prevented from achieving their objectives in Indochina.

The CHAIRMAN. The time of the gentleman from New Hampshire has again expired.

Mr. RICHARDS. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. LYLE].

[Mr. LYLE addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. LONG. Mr. Chairman, I regret very much to throw cold water on this love feast between the Democrats and the Republicans. I regret very much to have to interrupt lovers. But, Mr. Chairman, when the Democrats were in power I was opposed to this very measure, and I see no reason why I should support it now that the Republicans are in power.

Candor forces me to give Congress my views on this subject. Before I begin to speak I should like to call your attention to the 5,000 people in the hall, right here under the nose of Congress, who came here to keep the Rosenbergs from hanging, and now they stay here to keep Congress from impeaching Mr. Douglas. These people may be the forerunners of the 240,000 that we are supposed to admit to America to follow the same tactics that they are following, if we admit them.

Mr. Chairman, I realize probably I am in the minority in what I am about to

say. Nevertheless, I feel sure that it should be said.

We should have nerve enough to speak out for America. I tell you that this bill that you are considering today does not show strength. On the contrary, it shows weakness in the face of our enemies.

Mr. Chairman, now that a truce is about to be reached in the Korean conflict, I think it would be wise for us to take stock and evaluate America's position in foreign affairs. Specifically, where do we stand in the United Nations and in relation to our so-called allies? Unless we learn from our experience and heed the warnings which have become apparent, our effort in Korea will have been nothing but a waste of money, a waste of time, and—far more tragic—a waste of life and blood.

The primary fact with which we are confronted when we review the 3-year action in Korea is that our allies did not carry their fair share of the burden. I do not believe that the other members of the United Nations even came close to making the kind of contribution in Korea of which they were capable. If the United States had not been willing to assume responsibility for providing almost all the aid to South Korea, the Communists would have easily added that gallant republic to their list of victims.

The British Commonwealth certainly did not do its fair share. During the coronation it was boasted by the British that the new queen would reign over more than 600 million people. Yet out of that vast population, the British Commonwealth mustered only one division of troops for Korea. Similarly, France, with a population of 40 million, contributed one battalion. In reality the battles were fought, as we all know, by the United States and the Republic of Korea. Our country, with only one-fourth the population of the British Commonwealth, contributed seven divisions of combat troops. The small Republic of South Korea was able to organize 14 divisions.

I know that the British have been crying that they were not financially able to carry their share of the load in Korea. I am willing to accept that statement. However, with a population of 600 million, the British cannot cry that they are bankrupt as far as manpower goes. The same is true of France. Those countries may be poor in dollars, but they are not poor in population.

Mr. Chairman, I am not complaining that the United States paid for the entire Korea campaign in dollars; however, I do protest vigorously that we gave more than our fair share of blood and life. If there is going to be a United Nations, it seems to me that every member should be required to share responsibility to the fullest extent. We went into Korea without much preparation or planning because the action was sudden and time was of the essence. In case of any future police actions or wars, however, it seems to me that there should be, in advance, firm commitments of troops from all the allies. It is not fair that the United States should undertake

to save the free world from aggression singlehanded.

In order to prepare ourselves for the future, I think now is the time to make a thorough assessment of our relations with our so-called allies. In recent weeks we have been deafened by loud cries that the alliance between the United States and its supposed friends, particularly Great Britain, is beginning to fall apart. As usual, many people believe the United States is to blame. I think this blame has been misplaced, and I intend to lay it right back where it belongs, in the laps of our so-called allies. If these other nations were really concerned about their relations with the United States, they would act far differently than they do.

In the past month the two chief British leaders, Attlee and Churchill, have uttered words which are not the words of friends. The one has made disparaging remarks about the living document which is sacred to all true Americans, our Constitution. The other has shown himself willing to appease the Communists and create another Munich. Other Englishmen grew fat from the blood trade with the same Communists who maimed and murdered our boys in Korea.

I resent very much the typical English attitude which Mr. Attlee exhibited on May 12 when he criticized the Constitution of the United States of America on the floor of Parliament. He implied that this Constitution, the foundation of our Government, is antiquated. Actually it has been and is the vital, permanent basis for our strength. Furthermore, our Constitution, which Mr. Attlee so rudely attacked, has not only protected America for more than a century and a half but it has twice saved the British Empire from ruin and defeat. In the First World War and in the Second World War, American might, derived from our Constitution, saved England from being swallowed up by the Germans.

May I call attention to this fact: If it were not for the Constitution of the United States we would not be the powerful nation we are today. We would only be a lot of small countries living on the same continent, as is the case in Latin America and Europe. We would constantly be at one another's throats and never in agreement on any major subject. Without the unity derived from our Constitution, we could not have sustained ourselves in time of war, much less have gone to the rescue of England in time of need and danger.

I think Mr. Attlee's criticism comes with very poor grace, considering that he is a leader of a nation which has accepted more gifts of money, material, and blood than any other nation on earth. Do you know that we gave the British over \$23 billion during the Second World War? Do you know that we have given them \$8 billion since that war? We are as much British taxpayers as if we were under the domination of the British Government.

It seems evident to me that Mr. Attlee's talk comes from a man in whose veins flows the same blood as that of the British redcoats who, in 1777 and 1778, seized Philadelphia, lived in warm homes,

and dined sumptuously on the fat of the land, while 20 miles away George Washington and his cold and starving men camped at Valley Forge. I have not forgotten that in the winter of 1777 and 1778 those patriots at Valley Forge could be traced by the blood that came from their poor bare feet. I have not forgotten that the British were responsible for the plight of those naked, hungry, and starving souls.

Nevertheless, these soldiers of the Revolutionary War followed the Christian star of the east—they knew they were fighting for posterity. Yes, they were fighting for you and me. These forefathers of ours died for the privilege of writing this Constitution which today stands as the strongest bulwark against communism, protecting the Christian religion and all the free nations of the world.

Furthermore, remember that we had to fight the British again in the War of 1812. I have not forgotten that during that war the British sacked and burned this very Capitol in which we meet today. This Capitol is dedicated with the blood of our patriots who died defending it from the vandalism of the British. Nevertheless, in spite of this outrage, we twice saved them from deadly peril. Their ingratitude is apparent.

Just as bad as the criticism from Mr. Attlee is the challenge which has been laid down by Sir Winston Churchill. Sir Winston, who at Teheran and Yalta delivered us into the hands of the enemy, has proposed another high-level conference with Soviet Russia. Although the United States is loudly condemned by Britain if we even consider making an international decision without British approval, on May 11 Mr. Churchill proposed another Yalta without American approval. He ignored the fact that such a meeting was contrary to United States interests.

President Eisenhower has countered this proposal for a conference with the U. S. S. R. with a suggestion to hold a three-power conference with France and England in Bermuda. However, if Sir Winston has his way, the Bermuda conference will be merely a prelude to a meeting with Russia, which will be dominated by the Communists—and Sir Winston Churchill.

France is conniving with England in this matter. France, now that she obviously believes she has gotten just about as much as she can from us, is ready to deal with the Soviet Union. She, too, favors a meeting with the U. S. S. R., a meeting which they think we will be forced to attend in order to protect ourselves. France has long been known all over the world as a political opportunist, yet we have been carrying her and nourishing her just like a rattlesnake in our bosom.

We cannot really count on France as an effective ally as long as she has a constitution which allows the Prime Minister to be voted out of power every time there is a minor crisis. The French Government has changed 17 times since the end of the war. As long as such fickleness continues, how can we possibly be

sure that France will be on our side when a showdown comes?

Sir Winston Churchill also appears to change his mind rather easily. I do not think that there is any right-thinking man here who does not remember that Churchill, just after World War II, came to the United States and spoke disparagingly of Russia. His speech at Fulton, Mo., on March 6, 1946, was so anti-Soviet that it was taken as a call to arms throughout the world. At that time he said that what the Russians desired was "the fruits of war and the indefinite expansion of their power and doctrines." He said that the danger would not be relieved "by a policy of appeasement."

The Soviet Union has done nothing since 1946 which should change the opinion expressed by Churchill. Nevertheless, today he is ready to accept Communist terms and admit Communist China into the United Nations. When this happens we will lose face in Asia and many of the European countries while the Communists will gain both prestige and power.

The British apparently also wanted to appease the Communists by causing us to break our pledge and our promise to the thousands of prisoners of war who would rather be homeless than return to the slavery and tyranny of the Communists. We promised the Chinese Communists who came over and surrendered and became our prisoners that they never would be sent back. We sent thousands upon thousands of leaflets to Korea and distributed them behind the Communist lines, begging them to give up and offering them asylum. Then we were asked to break our solemn word by turning these prisoners back to Communist China for one purpose, and one purpose alone, and that was to be murdered by the Communist Chinese.

I am sorry to say, as far as the United Nations is concerned, that other members of the U. N., along with France and England, are trying to make it a world court in order that they can dominate the policies of the United States of America. They wanted to have their full say in Korea but they did not want to do their full share of the fighting.

Many people worried when there was talk about going it alone in Korea. I would like to call the attention of the Congress to the fact that for 3 years in the war in Korea we did go it alone. We furnished almost all the supplies and, with the South Koreans, we provided 92 percent of the naval forces, 95 percent of the ground forces, and 99 percent of the air forces. Our so-called allies contributed the rest. Great Britain provided only 2 percent of the ground forces.

We have called for deeds, not words, from the Russians. We must also call for action, not words, from our allies. It is time for us to get tough. I do not believe the British care for the United States. To them we are a pawn to be traded for a price. They will do everything they can to build up their trade and their power in Asia, no matter what the expense is to us. It is up to us to let them know that we will deal with them only on an equal basis.

The British had an opportunity to prove by their deeds that they are our

allies. The first step they could have taken in this direction was to stop selling material to Communist China. They should have stopped sending their ships to Communist waters where they could be used to transport Red Chinese soldiers, soldiers who were responsible for casualties of American boys at the rate of 123 per day each day for the past 3 years. One hundred British vessels made 177 trips to Communist China ports between December 19, 1952, and April 30, 1953. This fact is shocking, and we should be sure this will not happen again before we ever embark on another Korea.

We did not have any help in Korea and we have no assurance that we will have help in the future. There is no need to continue to kid ourselves and bleed ourselves white by taxing the American people to buy weapons for other countries. Until we know that other countries will help us, it would be better to keep our money at home and become militarily and economically strong for our own defense. We should stop worrying about going it alone. We already are alone. England, in my opinion, is just as jealous of us as is Russia. The only concern of the British is where they can get the most trade. The only language that England knows is the language of might and starvation and privation and selfishness. At the Yalta Conference Churchill said that as long as he was Prime Minister he would never yield one scrap of Britain's heritage. The British are all for the British, not one bit for the United States. Today they are plainly making eyes at the Soviet Union. In my opinion we are worrying needlessly about losing our allies because we have nothing to lose.

The United States does face grave danger. There are greedy hordes in Europe and Asia, eyeing the natural resources of the United States, believing in nothing except their own selfish desires for wealth. Just like any other thief or robber, they see a man with a big pocketbook and lots of money and they pounce on him and leave him in the gutter. This has been the pattern followed by these same nations throughout time.

We have a tremendous opponent in Communist China alone. If the Chinese today should start marching, eight abreast, by a 5-year-old boy, he would have to live to be 150 years old to see them all pass by. So, in view of this, their superiority in numbers seems to outweigh our superiority in weapons on land and sea and in the air.

Mr. COLE of Missouri. I commend the gentleman from Louisiana on the excellent speech that he is making. I agree with you. However, I would like to call to mind the recent disclosures of Britain trading with the enemy.

Mr. LONG. Yes; that is one point that I want to make also.

Mr. COLE of Missouri. And the recent disclosures of Pakistan, to whom our Government proposes to send 100 million long tons of wheat, also trading with the enemy. Also the recent disclosures of India, Egypt, Western Europe, and Ceylon, all trading with the enemy. This bill proposes that we continue to pour billions into these countries while they

help our enemies who kill and maim our boys.

Mr. LONG. I thank the gentleman for his contribution.

There is a real danger. However, I do not believe the best way of meeting the Communist threat is by aid to Britain and her cohorts so that they can continue to live beyond their means. I believe the best way of protecting our freedom and freedom everywhere is through renewed efforts to strengthen ourselves. The money for which we are taxing ourselves for foreign aid is being wasted while we jeopardize our own security by defense cuts. It would be far better to spend this money on our own Army, and our own Air Force. Why should our own airpower be cut beyond the minimum point of security at a time when we are squandering funds to strengthen other countries?

A great many times you hear people speak of precedent. This is one of the times I think we should follow the precedent laid down by George Washington in his Farewell Address. At that time he said we should have as little political connection with foreign nations as possible. That policy served us well for over a century, a century in which we grew in might and became the stronghold of democracy and freedom. Now we are straying from that sage advice to avoid entangling alliances. The result may be disaster.

May I say in conclusion that we want to have charity for all because we are a Christian country. We have gone to the aid of those who were sick and those who were in distress and those whose liberties were threatened. However, my friends, the very foundation upon which these liberties throughout the world are based is threatened today. The greatest contribution we can make to the security of the free world is to keep that foundation, the United States of America, armed and able to repel any foe. Should our country fail to remain strong, then the rest of the world, along with the United States of America, will be enslaved. Let us use the mentality which God Almighty has given us to keep our country the bulwark of freedom.

I restrained myself from criticizing our alleged allies during the heat of the Korean battle. However, I think now is the time to speak up so that we can find and correct our mistakes. I am not opposed to the United Nations or alliances among the members of the free world. However, I am convinced that in the past the other countries have not carried their part of the burden. I do not think we should continue to support these countries unless and until they prove by their actions that they are true allies.

I would like to close with this thought, Mr. Chairman: "Shall we bear all the load alone, while all the world rides free? Or shall they pay their share, the same as we?"

Mr. VORYS. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. SMITH].

(Mr. SMITH of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. SMITH of Wisconsin. Mr. Chairman, we have been told, and it is a fact, that most of the money in this program is going for military end items, about 90 percent. So basically we want to know whether our money has done a job, whether or not we can anticipate that it is going to do a job in the future.

I want to bring to bear as a witness a gentleman who has been in Europe and has made a very intensive investigation as to whether or not our money has bought the goods we thought it would. A week ago Monday, Ray Henle, of Three-Star Extra, in his broadcast from Paris said this—and I shall read certain excerpts from his broadcast, because I believe we have an unbiased witness in Mr. Henle. As a matter of fact, he has always supported the mutual security program. Speaking from Paris, he said:

Tonight from my vantage point in Paris we look further in search for the answer to the question: What of European defense against communism? Last week we looked in France. Tonight we turn to West Germany. First, let's recapitulate to bring you up to date. We have poured hundreds and hundreds of millions into France the past few years. Our idea that France would become the keystone of the European defense effort. But what we find today is a French nation not greatly interested in the job we are trying to do.

We feel that our NATO program in the very beginning may have been based on the fallacy that France would be a strong keystone. We feel that NATO is doomed to collapse, in spite of the billions we have poured into it, unless we can find a strong companion for France in Europe, to help put a shoulder to the wheel.

And continuing further in the broadcast, he said:

I would like to repeat tonight what I have said before, namely, that it is not completely fair to the French people to put all the blame on them for this situation. There would seem to be some very serious failure on the part of our military, economic, and political planners in ever expecting that France could successfully carry out the job we have given her. France has not been a military power for many years. She does not have the resources necessary to supply and maintain a large modern army. The flower of her manpower has been poignantly dissipated in war.

Her political structure has been weakened by a multiparty system. If our planners seriously thought they could make France into a great power by economic aid, then they certainly have failed in that program. On the other hand, the basis for the reliance our military planners place on West Germany is readily apparent.

The following night, Mr. Henle, again speaking from Paris, had some very pertinent remarks to make; and I want to read from a transcript of that broadcast:

Here's something I want to get over to you from Paris tonight. The fact that in France there is no deep-rooted fear of war with the Soviet Union. You find an attitude of almost unconcern over the Russian threat of running through the French population all the way from some of the top French statesmen down to the farmers in the field.

There are, of course, some French politicians who've been smart enough to know that the best way to continue American aid is to work up a sweat over the threat of communism. But that practice doesn't go down into the fabric of the French people very far.

And in spite of the fact that United States propaganda services in France might have

been supposed to work up an appreciation of the danger of world communism, if the effort has been seriously made, it has resulted in failure.

The French indifference to the Communist threat gives you one good reason for the French indifference to our NATO program for building up military defenses in Europe.

Mr. RICHARDS. Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania [Mr. KEARNS].

Mr. KEARNS. Mr. Chairman, I rise here this afternoon in a very serious vein of thought. I may say that my thoughts were prompted by the distinguished gentleman from Texas [Mr. LYLE] when he asked: "Are we playing God, or are we following God?"

I do not know whether you gentlemen have noticed this demonstration that has been going on this afternoon on the streets here in Washington and through the halls and corridors of our office building and the Capitol. I wonder whether we are playing country or being country.

This afternoon I expect to offer a resolution in the House demanding that we be informed as to who has organized and underwritten the cost of this group coming down to Washington trying to intimidate justice in America.

I know that they have come down here at a cost of \$5 a round trip against \$17.66 a round trip, and I think the country, everybody in America, is entitled to know who organized it and who has underwritten it. We should know for the good of America who is behind an effort like this to intimidate justice, and I appeal to both sides of the aisle to support me in my resolution.

I thank you very much.

Mr. RICHARDS. Mr. Chairman, I yield 10 minutes to the gentleman from South Carolina [Mr. DORN].

Mr. DORN of South Carolina. Mr. Chairman, I remember from history that Marechal de Villars, on taking leave from Louis the Fourteenth, said:

Defend me from my friends; I can defend myself from my enemies.

Voltaire also is reported as having said:

God defend me from my friends; I can take care of my enemies.

I understand that this statement is much older than that, having originated back in the early days of Rome, and I imagine Julius Caesar, as he lay dying on the Senate floor, in Rome, stabbed by his friend, could have said very much the same thing: "Defend me from these friends, I took care of my enemies." America defeated her enemies, the dictators of World War I and II, but today we are in danger of being bled to death by our friends.

Mr. Chairman, I think that is exactly the question we have before this Congress and before the United States today. We are in more danger from our so-called friends and false allies than we are from our open enemies. Frankly, I think the United States of America can take care of Russia and her satellites; but my prayer today is to defend this country from our friends. Yes, I remember the statement of the ex-Prime Minister of England, Mr. Attlee, and what he said about the Constitution of

this country. I recall that his government in England received more money than any other country or any other individual under this foreign-aid program that we inaugurated immediately after World War II, plus a fantastic amount of lend-lease during the war.

I also remember that Shakespeare said:

Blow, blow, thou winter wind!
Thou art not so unkind
As man's ingratitude.

Freeze, freeze, thou bitter sky,
Thou dost not bite so nigh
As benefits forgot.

It seems to me that is a fundamental basic weakness of human character, ingratitude; and I want to warn this House and this Nation as I did from this same well in the 80th Congress that we must beware of those who would drag America down. A real friend would not insist that you hold him up with one hand while fighting with the other. He would urge that you sit him down and fight with both arms for mutual benefit.

How many of these Allies are really our friends? Do you know what they would say if they were really interested in preserving mutual security? They would say: No, America, you keep your money. You are the one that saved Europe in 1942, 1943, 1944, and 1945, you saved the Pacific for freedom. You keep the money. Put it in a great air force that will be the best defense for all of us, put it in a good navy, put it in adequate national defense.

If they were really our friends, that is exactly what they would say. They would tell us: You owe \$267 billion. We know the sacrifices that the American people have made in every sea and every area of the world trying to protect the free peoples of the world. We know that you gave your sons and daughters.

That is what Attlee should have said. He could have told us that our casualties in World War II exceeded those of the entire British Empire, India included, and that if the world is to remain free, we must take care of the heart and core of that free world, the United States of America itself.

I know the argument they used here in this House in 1948. I challenged it then. Here is what the argument was on this side of the aisle and that side of the aisle, by these advocates of buying love with money, these advocates of buying world friendship with money, these fellows who forget the story of the prodigal son in the Bible, who came down here in this well, and said: "We must have foreign allies, we must appropriate this money. It will buy allies and it will prevent war."

I told this House then it would not prevent war and it would not buy allies.

Subsequently, in June 1950, just 2 year after the Marshall plan passed, war started in Korea. Look at the record. Look at the arguments made here by these world dreamers, these advocates of internationalism, these advocates of spending America into bankruptcy. They said it would prevent war. It did not prevent the Communists from going across the 38th parallel, and once they had crossed and the free world decided

to meet that threat, where were the friends—the other argument that was used here in 1948? Our friends were not there.

Yes, I visited Korea twice. The only soldiers of any consequence were American troops and the troops of South Korea.

Mr. Chairman, let us reject this entire appropriation. I agree with the gentleman from Texas who so eloquently stood up here this morning, and I refer to the gentleman from Texas [Mr. BURLISON], and said: "Let us wait, let us reject this entire appropriation and give us time to study the world situation."

I am even opposed to the military aid in this bill. Why? Because much of the equipment the Communists are using today came from America. I make the prediction that if we continue to pour military equipment into France and Italy and some of these other so-called friends, it will be used against America in world war III. You know it, and I know it. Let us keep America strong and save the free world. Scatter our shots all over the globe, and we all will perish together.

Yes, I have a plan. I think the American people have a plan. Let us spend some of this money, if not all of it, on making America the most powerful force in the world. Then you will have friends, as England had them when Britannia ruled the waves; you will have friends, as Rome had them when the Roman legions dominated the world. No one questions or argues with the boxing champion of the world when he walks down the street because he is strong, he is the champion. Let us spend this money in that way, and it will be better for France, it will be better for England, it will be better for Italy and all of the countries of the free world if America has a strong knockout punch. We could have that punch already if our friends had only insisted that the United States keep most of its money.

Do you think if we had spent the \$87 billion that we have thrown away on relief on American air power, on the American Army, that in Korea today we would be groveling in the dust, accepting a false truce, from fourth-rate countries like North Korea and Red China? I pleaded with this House in 1947 and 1948 to use this money to build 5,000 strategic bombers. Secretary Acheson said that strategic air power was the only force that was holding Russia back; Wedemeyer said that; Douglas MacArthur told me as much in Tokyo; and so did just about every leader I talked with. But America and the Congress—and I believe in this great body—failed to spend our money on what Russia feared most. I hope we will have the courage today to put first things first. America will have the respect of the world if we only use this money to make America strong.

Listen, all of this talk about going it alone. America has been going it alone; you know it and I know it. We hardly have a friend in the world today. Take France and Italy. I have been there, too, since I fought there in 1944 and 1945. They are not as friendly today

as they were then. Why? Because of American aid. They are jealous; they resent it. Realism, that is what we need today.

Let us abandon this international policy of going it alone with false friends and depend on some real allies. Let us form a better friendship with Spain. I asked right here in this House 6 years ago of 2 members of the Committee on Foreign Affairs, "What about Franco of Spain? Does he not hate communism? Is he not against it?" Do you know what their answer was? "Well, I appreciate the gentleman's question," and they went right on with the rest of their speech. Spain has 30 divisions, strong divisions, anti-Communist divisions. Western Germany will fight, if prepared. I talked with those people; they are progressive and strong; they don't like Russia—the nation that enslaved their people and is today holding 300,000 of their troops in concentration camps in Russia. Germany, Spain, and Turkey could be the real friends of America because we all have so little in common with ruthless communism. These people are the key to Western Europe. Do you know what members of the Turkish Parliament told me 18 months ago? They said, "We offered the United States six divisions to use in Germany, to use in Korea, to use anywhere in the world, men who would fight if we would only equip them, and the administration refused this great offer. Chiang Kai-shek offered America troops and we refused them. Let us abandon this policy of false allies. Do not forget Japan. Japan alone could stop the Russians in the Far East. Let us use Japan, Germany, Spain, Turkey—nations that will fight."

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. FULTON].

Mr. FULTON. Mr. Chairman, I am glad that the gentleman from South Carolina has brought up the question of who our friends are among the nations. With very few exceptions on the floor today, there has been no doubt of the statement that we in the United States need friends, and good ones. The question is, of course, basically, shall we stand alone as we have been doing, unfortunately, almost alone in Korea?

Who have stood by the United States? Let us look at just a few examples. The South Koreans have certainly stood by our people in America when they have taken over all but about 20 to 25 percent of the frontline and even this very day are manning most of it in South Korea. The South Koreans now have 600,000 troops, so we are not doing it all. There has been nothing said here about the good work that the Greeks have done, how they have come back from a disabling guerrilla action in northern Greece, and are now one of your strongest friends and allies, small in size though they may be. There has been little said about Turkey, how Turkey has stood up and has been our friend under great difficulties, when it looked as if we were

going to give them only a smattering of aid in the first aid program, called the Greek-Turkish aid program. The United States might have abandoned these nations, but thank heaven this Congress did not, so that today there is a fine, strong, friendly Turkey and Greece in the eastern Mediterranean.

There has been no country that has been aided by this Congress under these programs that we have lost as a friend since the aid programs were started by Congress. In Italy the vote has varied back and forth by a few percent but to date Italy is in the ranks of our friends and there is a government in Italy that is strongly favorable to the United States and for freedom. I thank heaven for De Gasperi's Christian government and the good Italian people.

We should mention that in this bill there is the carryover of the \$125 million that has been previously authorized for Spain, in addition to \$91,091,000 for mutual defense material and training to help them, plus \$10 million in defense support to help the Spanish people stand up further against communism.

This program for Spain is instituted on negotiations that they will give us air and naval bases in Spain so that the United States can have a lifeline through the Mediterranean to protect our own boys that are over there now in the United States Fleet. We need friendly countries around the Mediterranean. With the increase in power of planes, instead of going 300 or 400 miles an hour, as in World War II, many now operate at 800 to 900 miles an hour. As you have heard, the Douglas Aircraft supersonic test pilot, William Bridgman, has recently at Muroc, Calif., piloted a plane at 1,335 miles an hour.

I have said on the floor a good many times that I represent the city of Pittsburgh, one of the large atom-bomb targets of the United States. We in Pittsburgh are very cognizant of the fact that we are now only 4 to 5 hours away from the outer reaches of our defenses, and that if planes would be sent over to the United States there would only be about 10 percent of them intercepted and shot down.

We in Pittsburgh desperately want peace. We want a fair peace, a just peace, and will work for such a program. We in Pittsburgh want a strong country, not for aggression, but to maintain a respected position in a peaceful world. We in Pittsburgh know that the United States needs defense bases that are not just 20 minutes away from Pittsburgh by plane but that give us in our great city at least 2 to 3 hours' notice, should any aggressor take action.

There are strategic bases that only our allies can give us by joining with us for mutual self-defense as all countries are given the right under the United Nations Charter. They are not bases meant for offense, they are bases meant for defense. These bases that our allies are building have defense installations called "infra structure," necessary to equip the bases that are in the countries of Western Europe and of these other friends of ours. We in Pittsburgh think such defense bases and installations are neces-

sary, so I am going to vote for them for the security of the United States and the safety of the people in Pittsburgh and my own congressional district. These bases are not aimed at aggressive action toward any country or group of countries, but are necessary and legitimate defense measures.

I would like to give some of the ways this bill has been cut, because I am one of the moderates on the Committee on Foreign Affairs that looks over the program to find where we can save and reduce Government expenditures where not necessary whether at home or abroad. We Congressmen have the duty to watch carefully the interests of the American taxpayers whom we represent. In fact, I went to Europe for a month just about a month ago, and went to most of the countries of Europe discussing with our United States staffs and with the local government leaders and the ordinary people what are the needs of this program. I came back with some ideas where the program could be handled more economically, where it should be strongly sustained for United States security, and where it should be cut.

To begin with, the current mutual security program submitted by President Truman amounted to \$7600,000,000. Our own Republican administration, the Eisenhower administration, reduced it by \$1,772,000,000, to a figure of \$5,828,000,000. The Eisenhower administration then, through Mr. Harold Stassen, after we started the hearings in the Foreign Affairs Committee, went back and looked over their request again on our demanding that they cut out every bit of fat. The Mutual Security Administration came back with a program then of \$5,474,000,000 which is another cut of \$354 million.

In the Foreign Affairs Committee report, we members on top of all those cuts have again cut this request for authorization for the program for the fiscal year 1954 for mutual-security aid by \$476,000,000.

Mr. Chairman, on my own motion I put in three amendments that cut \$100,000,000 each from this aid. The Foreign Affairs Committee adopted each of those three amendments cutting this bill by \$300,000,000. Two others on the Foreign Affairs Committee put further amendments in equaling \$176,000,000, which were adopted by the committee. So I certainly have been for cutting this program, as I supported each of these further cutting amendments as justified. I feel in some instances, and I will point them out later, the bill can be cut still further but only in moderate amounts. I do not feel, with the work the committee has done on this bill, that further cuts can be made with a meat ax which would slice the current mutual-security program in half, and have any security protection left in this bill for this United States of ours.

I believe firmly we must balance the security of the United States within the framework of a balanced budget, and within the framework of a good sound economy. So that I am one of those members who has been sitting at the hearings trying to balance the serious

problem of adequate defense, security, and a sound economy.

As a result of my trip to Europe I came back with a feeling that this agency was overstaffed in Europe. So I have introduced two amendments at the committee level that have already cut the United States civilian personnel on this program, and will have a supplementary amendment which will be joined in by the gentleman from Minnesota [Mr. Judd] which will cut this administrative United States civilian personnel in the mutual-security program by a total of 10 percent from the total on the payroll as of January 31, 1953, when the Eisenhower administration took over from the Truman administration. We are going to cut between 500 and 600 jobs from this program.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield.

Mr. GROSS. Will there be any prohibition in the bill against the mutual security turning around and hiring foreigners to replace the Americans you are cutting out?

Mr. FULTON. We are also cutting the funds so that they will not have the money to spend for that. I will go further and give the exact numbers these amendments on administrative personnel will cut under the 1954 mutual-security program.

The total administrative personnel right now in this program are 5,274: Mutual Security Director's office, 125; Mutual Security Agency generally 1,791; lent by State Department 1,005; lent by Technical Cooperation Administration 886; and lent by the Defense Department 1,467.

Then, under a committee amendment, that will appear on this bill at page 13, line 11, by inserting the words "assigned to comparable positions" we are bringing under this program 390 more TCA employees so that we have them in under the ceilings of the mutual security program. The amendment, which tomorrow will be sponsored by me on the floor, and concurred in by the gentleman from Minnesota [Mr. Judd] will cut the figure of 5,664 United States administrative personnel by 10 percent, amounting to a reduction of 566 people, which will be a real saving to the American taxpayer. This program can be well and more efficiently run with less personnel and better management.

The foregoing figure of 5,664 is the number of administrative personnel on the United States payroll under this program on January 31, this year. That is the date when the Eisenhower administration took over this personnel from the Truman administration. So you will, therefore, find there will be 566 of the administrative personnel who were hired in the Truman administration cut by this committee in the current 1954 fiscal year program. We owe the taxpayers this sound management.

With the permission of the committee, I would like to insert my amendments at this point in the RECORD, so that I will not have to read them because they are rather technical, but the results as outlined, are obvious.

Amendments to be offered by Mr. FULTON: Page 12, lines 7 to 10, strike out all of paragraph 1.

Page 13, line 6, after "the", insert "Director for Mutual Security or the"; line 8, after "Defense", insert "and other participating agencies"; line 10, strike out "5" and insert "10"; line 11, after "assigned" insert "to comparable positions."

And renumber paragraphs accordingly.

The question comes up as to whether we are gaining proportionately in defensive strength both as to capabilities and as to our allies' willingness to assume the burdens of defense. I answer that by saying that General Ridgway at page 406 of the committee hearings answered that question in the affirmative.

Mr. Chairman, I would like to insert this in the RECORD, at this point, and will ask for House permission at the end of today's session:

Chairman CHIPERFIELD. Mr. FULTON.

Mr. FULTON. I likewise welcome you and say we are glad to have you back. We have had confidence in your work in SHAPE headquarters.

If you will refer to page 4 of your statement, the bottom paragraph, I would like to call your attention to the number of divisions in the Soviet and their air forces.

That statement says:

"The Soviet Army mounts 175 army divisions, the Soviet Air Force has over 20,000 frontline aircraft with a large aircraft reserve."

I was on the committee in 1947 when the interim aid bill was before this committee. Those were the exact figures of the size of the Russian forces at that time.

You are giving us these figures publicly for the first time that then indicates to me that there has been no substantial build-up in Soviet Army divisions nor in frontline aircraft from 1947 to 1953, is that correct?

General RIDGWAY. My information is that it is, sir.

Mr. FULTON. If the buildup has not been in numbers, what kind of a buildup has there been? Has it been in modernization, in better equipment and newer weapons?

General RIDGWAY. It has been just in those things that you mentioned, sir. There has also been some very great improvement but one difficult to evaluate in combat effectiveness, in the training field. There has been an intensive effort in the ground forces to replace older equipment with more modern. There has been in the air forces a great effort to replace obsolescent types with the most modern jet types.

There continues to be an intensive training effort in the Soviet ground forces. All of those add up to our estimate of a substantial increase in combat effectiveness with no increase numerically in the numbers.

Mr. FULTON. With the continuation of this force in being, we are not faced with greatly increased forces but just a continuing force, is that right?

General RIDGWAY. That is right.

Mr. FULTON. With your help and the help General Eisenhower gave in Europe, we are now proportionately in a much better position in the case of the use of any force or any attack on Europe that might be made.

General RIDGWAY. We are, sir.

The point I would like to stress, sir, is this: While I think beyond any question that the power ratio in combat effectiveness—in other words, between our defensive strength and his offensive capability—over the period which you are discussing, has been in our favor, I would like to point out that at the beginning of that period we were almost defenseless in Western Europe. While we have increased our strength many times on a mathematical basis, and there-

fore have substantially altered the power ratio in a favorable direction, we are still very much under a very serious threat.

Mr. FULTON. But with the encouragement of the European people and their increased feeling of security and increased living standards we are well along the road toward security?

Mr. VORYS. Mr. Chairman, I yield myself such time as I may require in order to state that I requested of the Speaker in the House this morning general leave for Members to extend and revise their remarks and to include extraneous material.

I would like to propound a parliamentary inquiry as to whether that request is of record, and whether the permission then granted could not be availed of by all Members so that they may extend and revise their remarks without making individual requests.

The CHAIRMAN. The Chair is advised that the gentleman did obtain permission in the House for all Members to revise and extend their remarks.

Mr. FULTON. Mr. Chairman, does that include extraneous matter?

The CHAIRMAN. No; permission to include extraneous matter will have to be obtained in the House.

Mr. BATTLE. Mr. Chairman, I yield such time as he may require to the gentleman from New York [Mr. HELLER].

Mr. HELLER. Mr. Chairman, I have heard my colleagues take the floor this afternoon and warn us to "look well" before we pass this authorization bill, and then we were told that in looking well be sure to speak for America. I just cannot follow this kind of argument. I agree that we must look well, but when that admonition is coupled with the statement that we speak up for America, is there at the same time an implication that we should follow the go-it-alone philosophy?

Do those who advocate such a policy realize that, by retreating to our own shores and isolating ourselves from our friends abroad, we invite the full wrath of a Communist attack upon our country? Whether they are aware of it or not, those who talk of curtailing the mutual-security program are actually advocating such a course.

The consequences are not too difficult to foresee: A few years of cheap peace in splendid isolation and then, sooner or later, a devastating war—a war without benefit of allies, or their manpower, or their production; a war without the many vital raw materials which our hemisphere lacks and which are so essential for our defense.

Those who advocate the discontinuance of this program or seek to limit its efforts through crippling reductions, must assume full responsibility for their deeds. They would place the safety of our Nation in peril. They would undermine our position of world leadership, which we have attained in recent decades. They would destroy the confidence which we enjoy in the eyes of the whole free world. The free nations of the world are anxiously waiting and watching our action.

I wish to be associated with the remarks of the distinguished gentleman

from Texas [Mr. LYLE], who in arguing in favor of the rule and again during general debate, urged us to commit our Government to a real effort for a permanent peace. Yes; this is the only way to help assure our security and human dignity.

There is no getting around the fact that our foreign-aid program is a costly one, but what disturbs me most is that any cuts which may be proposed may prove to be even more costly—and not necessarily in money alone. Aggression by Communist forces is still a constant threat to the security of this Nation, and against this threat the American people must be adequately protected. In this way we can look well and speak up for America.

And should we not consider the fact that we cannot hazard the chance that the foreign-aid program be crippled at a time when President Eisenhower needs a strong hand in treating with our allies at the forthcoming Bermuda conference? Many historians who have studied the period just before World War II are agreed that its outbreak might have been avoided if the free nations had clearly demonstrated to Hitler by word and deed that this aggression would be met by the combined strength of all countries affected. This lesson applies to the world situation today.

Substantial sums are needed for the arming and maintenance of the armed forces of the North Atlantic Treaty Organization. We still must supply our European partners with essential raw materials, machine tools, and military equipment needed to carry out our common defense program. General Ridgway, the outgoing Supreme Commander of the NATO forces, stated in his testimony recently before a congressional committee how dangerous any cutback in mutual security funds might be. He emphasized the fact that allied forces in Europe are still suffering from major deficiencies and that our combined air power there remains the weakest link in our defense system.

It has been suggested here that, since the United States would have on hand at the end of the current fiscal year some of the foreign-aid funds which Congress had voted in past years, these carryover funds might be used to cut down the present requirements. The answer is that most of these funds are already obligated. The situation does not permit us to rely upon carryover funds as a means of facilitating further aid cuts. The present defense figure is already a minimum. If it is destined that we err, let it be in asking for more than we need rather to find later that we have "too little and too late." It will be much safer that way.

During the deliberations on the mutual-security program last year, I stated on the floor as follows:

I am willing to concede that the cost of foreign aid is great. Let us remember, however, that the cost of the alternatives to the mutual-security program would be overwhelmingly and tragically greater. Who among us is willing to assume the responsibility for crippling the foreign-aid program? Who among us is willing to carry a

deed of this sort on his conscience for the remainder of his life?

Mr. Chairman, I now repeat the same admonition. I urge my colleagues to vote for America and a free world.

[Mr. WILLIAMS of Mississippi addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Minnesota [Mr. JUDD].

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield.

Mr. HALLECK. The address we just heard ought to be something of an enlightenment to those on our side. I kind of regret that that speech was made, because I have deep affection and high regard for my friend, but it is quite apparent that he is interested principally in an attack upon the Eisenhower administration. That probably would be denied very strenuously. But when he speaks about failure to reduce the budget, may I say to him that in the appropriation bills that have already passed the House of Representatives, they have been cut 25 percent below the Truman budget. Now, I must give him a little credit for helping accomplish some of that. Hence, my surprise at his attack. Likewise, this very bill that is here before us has been cut by successive administrative operations, and the action of the Committee on Foreign Affairs of the House—a bipartisan action, may I say—from an original seven and six-tenths billion to four and nine-tenths billion, and that likewise is a very substantial reduction.

In the same breath, when he talks about our failure to do something about cutting the cost of government, he decries the cuts that have been made and are to be made in some of the military operations, I say cuts that are justified upon any fair interpretation of the reasonable needs of this country. Then when he drags in the tax situation, it seems to me that those of us over here who, in a way, have a responsibility for the carrying out of these programs—not ours alone, because I might remind my friends over there that I was the majority leader in a Congress that put the Marshall plan into effect, likewise aid to Greece and Turkey and to France and to Italy—but to those of us who do carry the responsibility, I think we just ought to be a little more alert as to just what may be an effort against the program that was devised by the Eisenhower administration, and, may I say, overwhelmingly supported by a great majority of the people of this country.

Mr. JUDD. Mr. Chairman, in dealing with any problem as difficult and as controversial as this, it seems to me one has to look at the situation in the way a doctor is trained to look, and that is, what are the alternatives. A man comes in with a ruptured appendix that he has neglected, or a cancer that has invaded vital organs, or a TB process that he has paid little attention to; he has taken some patent medicine or gone to some quack, and his condition is now desperate. There is no alternative except

an operation to take care of the immediate emergency in order to save his life. So the doctor operates, say, on the ruptured appendix. The patient does not get along very well. Months later he still has a fistula, or he has adhesions and cramps and indigestion. He may say, "Look what a terrible failure my operation has been. I am not well; I still have all these troubles."

Well, was the operation a failure? No; look at the alternative. Without it, he would have been in the cemetery. With it, he is alive. He is not yet well, but he has a chance to get well.

Now, when the gentleman from Mississippi says the policy and program extended by this bill have been a failure because of bad conditions existing here and there among our allies, I reply: Look at the alternative. Where would we be without it?

Look back at where we were in the spring of 1947. We had disarmed. We had taken the greatest military force any nation in the world ever had—in the air, on the land, on the sea, and under the sea—and scrapped it. The Soviet-controlled countries had 300 divisions breathing down the necks of both Europe and Asia. They were moving into Greece which had been prepared for the kill by a Communist armed fifth column, when the President of the United States, Harry S. Truman, to his eternal credit, came to the Congress, first to our committee, then to the whole House, and said, "We have to make an effort to keep these endangered countries from falling into the hands of the Soviets."

Some people said, "Why should we spend money to protect a rotten, corrupt, reactionary, undemocratic, and unpopular regime in Greece? What does it matter to us what happens to that little country?" But look at the map. It was not just Greece that was at stake; it was Europe—and ourselves. Greece is only a little territory but it controls a lot of islands which in turn control the Aegean Sea which in turn controls the lifeline to Turkey. If Greece went down, these islands would go down, including Crete, then Cyprus; these islands dominate the eastern Mediterranean. The Kremlin would then dominate the Suez Canal, the land bridge across to Africa, and an area with half of the known oil reserves in the world. There was no way that Turkey could stand if she were flanked by a Greece controlled by the Soviet Union.

With the eastern half of the Mediterranean in the control of the Soviet Union, Italy already hanging on the ropes, would have gone before the end of 1947. Not a person who was there will deny that. France had just had an election with more than 25 percent of the people voting Communist. Her economy was shattered, her people demoralized. Nobody who was there believes France could have made it with Greece, the eastern Mediterranean, and Italy gone the Low countries could not have held out. Then Germany would have been encircled. That was the prize. The Soviet Union always was after Germany, because Germany is the hub of the European wheel. God made it that way.

You and I may not like it, but that is a fact of geography. It was the German manpower, productive capacity, and strategically advantageous central position that the Soviet Union was after.

Then England would have been isolated. North Africa was already exploding. There was nothing to stop Communist forces from going to Dakar, which is closer to South America, at the bulge of Brazil, than is Key West.

When anyone says now, "Look at Greece today. Things are still not good there," I reply, "But Greece is free. Italy is free. Turkey is free. France is free. West Germany is free. North Africa is free."

Do you mean to tell me this has been of no value to us? Where in the world would the United States be today, if all that had gone under Communist domination? I do not like the way some of our allies have acted, and nobody has protested more than I, especially privately, which I think is generally the better way. But look at the condition of the patient. He is alive, and as long as he is alive there is hope he and we can carry out slowly, patiently, the measures that will help develop the kind of strong, resilient governments we are interested in. What future is there if the patient is dead?

Now come to the Far East for a moment. The criticism that we on this side consistently have made of the administration that preceded the present one is not of what it did, but of what it did not do. We supported by a wide margin the policies it followed in Europe; we criticized it because it did not follow the same policies in Asia.

In Europe it said, "We will help you if you keep the Communists out of your government." In China it said, "We will help you only if you take the Communists in."

We on this side of the aisle supported the administration's strong policy of resisting the Communists in Europe; we opposed its weak policy of trying to appease and bring in the Communists in Asia. The policy in Europe was sound. It succeeded. The one in Asia was unsound. It failed.

Look at the Korean war. It has not done what many of us wanted it to do and believe it could have accomplished—defeat the Communists and achieve a united, independent Korea. But it cannot be called a failure—for without that operation all Korea would have been gone, long ago. And how long does any Member of this House think Japan could stand if the Communists had won control of Korea, in addition to China?

On the day 2 years ago, when General MacArthur was fired, I stood on this floor and predicted that act would turn out to be a disaster for us in Asia second only to that at Pearl Harbor, because it marked the abandonment of a policy of trying to win victory in Korea and the adoption of a policy of trying to make a deal with the Communists, to accommodate ourselves, to accept, to adjust to Communist control of North Korea and mainland China. That could only be to the interest of the Communists, not of ourselves or of Japan. I

said, "There is Sakhalin coming down almost to one corner of Hokkaido, the northern island of Japan. And the Kurile Islands come down to the other corner, with only a few miles between. If, with them already in the hands of the Kremlin, and then Korea under its control, how in the world can Japan long hold out?"

Well, we still have a tough problem in Korea. It is tragic that we did not seize the victory when we had it—we had it all but won on two occasions. Instead we have let the Communists almost snatch victory from defeat. We may still do that. I have warned against it and will continue to do my best to prevent it. But however tough the problem still is, there is hope, because South Korea is still free. Without that, there would be no hope. And Japan is still free. Formosa and the Philippines and Southeast Asia are still free.

The gentleman from New Hampshire [Mr. MERROW] spoke a few moments ago about our subcommittee visiting south Asia, the subcontinent, India, and Pakistan during the Easter recess. They, too, are still free. Because of the 3 years' breathing spell they have had as a result of our resistance in Korea, their progress in 6 years of independence is beyond anything I had expected. Without the assistance the United States has given, including firm resistance in Korea, all these countries in Asia would be gone, or hopelessly imperiled. There is still the possibility that we will lose them—and Europe, too, I grant that. But there is no need to lose them. They are still free. And it is largely because of the foreign policy of the United States, embodied in this bill and supported for 6 years by this Congress under both parties, the policy of keeping this country strong and of trying effectively wherever we could to help others become strong also.

Mr. Chairman, our major concern must not be whether other countries are our friends or not. Nobody is going to like us for something we do for them. Our purpose is not to bribe them or to induce them to like us, as has been said when it is charged that the program is unsound. Our purpose is to give them the capacity to defend their own independence. If they are free, the Kremlin cannot use their manpower, their resources, their strategically located bases against us. If they are not free, it can use those strengths against us.

I do not want Mr. Nehru or anybody else to become a satellite of the United States. That is the policy and the objective of the Kremlin; it is not ours.

We are not trying to help people in order to have them do our fighting for us. We want only to help them get to the point where they can defend their own beloved soil. That serves their interests; that serves our interests.

If we continue the policy of helping free peoples stay free, and add to it the policy of encouraging and assisting oppressed peoples to overthrow their oppressors, if we are on the alert to plug up loopholes and fill gaps in the lines, and correct errors in judgment here and there, and do whatever is necessary to

adjust to changing situations, which is what we are trying to do by the changes provided in this bill, I believe we have a good chance to turn back this avalanche of tyranny which threatens to sweep over the rest of the world, and then over us, too. What other policy provides a better chance?

Our objective is not to wage war. Our objective is to prevent war. What forces are effective in preventing the Kremlin from starting a war? There are about four main deterrents, as I see it.

The first is the Armed Forces in Western Europe including our own six divisions there. The Kremlin is not really afraid of those forces at the present time because it can overrun them. It can go to the English Channel just about as fast as its troops can walk. But it would have to destroy much of what it overran. Surely the hard-headed men in the Kremlin do not want to do that. They do not want to destroy Western Europe where we have just finished installing several billion dollars' worth of dynamos and fertilizer plants and chemical plants and steel mills. The Kremlin wants Western Europe intact so that it can use the newly reconditioned plants and American industrial equipment for its own needs and to produce war goods to be used against us. The Reds can defeat the free forces in Western Europe if they want Europe as a rubble heap. But that is not what they want. So the ground troops in Western Europe with supporting air and seapower are one deterrent because they would force the Kremlin to destroy the plant in Western Europe which it wants to use.

A second deterrent is the Armed Forces of the free world in Asia, including our own, the South Koreans, the Chinese on Formosa acting as a threat along Communist China's middle, and the resistance forces in Indochina and the rest of Southeast Asia. They force the Soviet Union to divide its attention between two widely separated fronts. I simply cannot believe that these hard-headed realists in the Kremlin are going to get themselves into a two-front war. They know that was the fatal mistake of both Hitler and Japan. That is why they are trying to liquidate the fighting front in Korea, with, of course, as much gain in prestige as possible, so that they can concentrate their efforts on Europe or elsewhere in Asia. Therefore, we must keep both of Russia's fronts active or at least tie up the attention and tie down the strength of the Kremlin on two widely separated fronts as a second deterrent.

A third deterrent to war was discussed this afternoon by the gentleman from South Carolina [Mr. DORN]. It is our Strategic Air Force. Make no mistake about it, this is the most important deterrent of the three. The Kremlin is not afraid of what we can do to its soldiers, with our soldiers on the plains of Germany or western Europe—it does not care how many human beings we destroy. What has held it back thus far is its knowledge of what our Strategic Air Force—our intercontinental bombers and weapons of mass destruction—can

do to its lines of communication and war plants and industries within Russia. That is what it is afraid of. So we have to keep intact our Strategic Air Force, while we work patiently but urgently, not, I repeat, to seek to bribe people to become our friends but to help people to get sufficient strength so that they can defend their own homelands.

The fourth deterrent is the strongest of all, in my opinion, and that is the productive strength of the United States itself. But any one of them is not enough by itself. We need all four. Statesmanship depends on getting proper balance in a total policy—and our skill and success in applying it.

The Kremlin can still take Europe or Asia without too much trouble, as I said. It can win the first battle any time, but it is not interested in winning just the first battle. The Kaiser won the first battles, but he did not win the last battle. American strength won it.

Hitler won all the first battles, but American productive capacity and weapons and manpower won the last battle.

Japan's military machine won all the first battles, but who won the last battle? American manpower and productive capacity won the last battle.

Yes, the Kremlin and its forces could have taken all of Europe and Asia any time since 1946 when we disarmed. Why do they not do it? They do not do it because they are interested in the last battle. These men are not fools. It is almost inconceivable that they will start a general war until they are sure of that last battle. That means they will not start a war until they are in a position to strike us here in the United States. The next world war, if we allow it to come will start if and when they think they can destroy enough of our productive capacity so that they can win the last battle.

Some cynic has said that they probably will not drop bombs on Washington because they would not want to end the confusion here. But you can be sure they will drop their bombs, when they have enough, on Pittsburgh and Fort Worth and Oak Ridge and Detroit and the Boeing plant at Seattle, and the airplane factories in Los Angeles and San Diego. There is little need to worry about their starting all-out war until they think they are in a position to cripple us here so that we will not be able to mount an effective counter attack on Russia herself. We must not let them get time and strength to get into position to attack us. Therefore we have to keep all of our deterrents in being and effective. While keeping ourselves and other free peoples strong, we must build up strength behind the Iron Curtain, weakening the Kremlin's hold correspondingly. Ultimately these people can be drawn irresistibly by the attraction of what they find is happening outside of the Iron Curtain. Surely that is the meaning of the daring and desperate riots in East Berlin yesterday.

Actually the Kremlin is already weakened. Refusal of the indoctrinated soldiers of its Chinese and Korean satellites to return home, seething unrest in its European satellites, its willingness to

make some concessions to get a temporary breathing spell in Korea, are all eloquent evidence.

Mr. Chairman, this is a moment for steady nerves and steadfast wills. Let us not expect Rome to be built in a day. Let us pursue the course to which we have set our hand. Especially just now when we may soon be in a position to reap some of the results—long-delayed and costly to be sure—of what we have been doing all these years. Let us not waver at the moment when those efforts are beginning to pay dividends.

This conflict, like a terrible disease is approaching a crisis, when things can go quickly one way or the other.

All wars end, including cold wars. And this one is going to end. We are near the stage where it may be possible, I think, to end it fairly quickly and in favor of a free world. We can lose it or we can win it, depending on our firmness and our faith. This awful tyranny will be overthrown ultimately from the inside. If we will continue and strengthen a fourfold program of the sort I have been trying to describe, working all around the periphery to tie up and drain the enemy's strength, and giving hope, encouragement and skillful assistance to those under its blight, then, please God, in 1 year or 5 years, or however long it takes, the day is bound to come when this immoral, evil thing will crack up and oppressed peoples will be able to rise and overthrow their oppressors, and you and I can live and breathe as free American citizens again.

Mr. GORDON. Mr. Chairman, I yield 3 minutes to the gentleman from New Jersey [Mr. SIEMINSKI].

Mr. SIEMINSKI. Mr. Chairman, I trust the House will forgive me for rising here—I am not on the Foreign Affairs Committee, but I do have many people in my district whose relatives, whose forebears, and whose heritage goes back not only to countries behind the Soviet bloc, but to mainland Europe as well.

Some hold that more time should be taken by the Congress before judging this issue, more time for the dust to settle. Others say that we should make courage and faith our guideposts in voting on this bill. No doubt full reasons will be marshaled during the debate under the 5-minute rule to support both sides.

However, it appears that with a sense of historic balance between prevailing pressures today, two questions can be asked to help us determine our vote. First, can the United States, as a countervailing force in Europe and Asia, delay the time that the next guns will go off? They have gone off, in the history of the West, once every generation, on the average. Second, does the concept "checkmate" define the realities of the prevailing pressures at work for peace or war? Like Rotarians, are John Bull and Uncle Sam at the same table, though in competitive markets, economically and politically?

What are the prevailing pressures in the Kremlin, in 10 Downing Street, and in Washington?

From the Kremlin, containment seems now to be the policy: holding World War

II gains—East Germany and the satellites and central Europe are restive. Korea is in turmoil. Her World War II enemies, Germany, Japan, and Italy, are again economic, market-seeking productive realities. The British are in China. We are not.

From 10 Downing Street, historically, Germany, Japan, and Italy have threatened British interests in war and in peace, as they have that of France. They have a very small military productive and maintenance cost and can, I believe, produce for less today economically than the British; if not now, certainly soon. Already Germany is taking markets in Egypt and South America. British investments in Europe from 1850 to 1914 were exceedingly small in comparison to her commonwealth investments. They still are.

From Washington: Italy, Germany, and Japan appear to have received the bulk of our reconstruction funds. Our former adversaries are now our friends. Thus comes the alignment of forces that makes one ask, Is the policy in the world today, as Churchill put it, one of checkmate: with the British on one side, and the United States on the other, balancing the prevailing forces? Are all, like rotarians, jockeying for friendship, economically and militarily: we with Italy, West Germany, and Japan, the British, in self-defense economically, aligned with Russia, China, and France; Russia and France eventually to checkmate a renascent Germany, and China eventually to check Japanese supremacy in the Orient? Can the British, to survive afford a supreme competing power on mainland Europe, or in the Orient?

The question is, can the United States, as a countervailing force, keep the British and the Germans and the Italians and the French from each other's throats in the future? They have been at each other's throats and at ours in the past. Can we do the same for the powers in the Orient? I say it is a good bet to stay where the fires have been hottest and keep cooling them off so that we are not again inflamed, at least less often than once every generation.

Mr. CHIPERFIELD. Mr. Chairman, I yield 10 minutes to the distinguished gentleman from New York [Mr. JAVITS].

Mr. JAVITS. Mr. Chairman, we have heard eloquent elucidation of the position in opposition to this bill; we have heard an attack, or an attempt at an attack, on the existing administration. I think, Mr. Chairman, that it is time to put a few things in focus here and to be sure of exactly what we are talking about.

It is my deep conviction—and I think it is the deep conviction of the great majority of Americans—that President Eisenhower was not elected to preside over the liquidation of the security of the United States, nor was he elected to isolate us into citadel America. I feel that the American people who have supported him feel that what the President could do on security was far superior in importance to whether or not he could cut taxes. I believe the President in the utmost good faith has carried out his basic pledge to the American people.

Recognizing that because of his peculiar talents, leadership, and experience, they trusted him with the security of this country in an hour of great peril. I believe that he will carry out that pledge to the American people to the full; that he will bring about cuts in expenditures and cuts in taxes within a balanced budget, but, beyond everything else, only as the security of the United States will permit.

And now, Mr. Chairman, the opponents of this program, which incorporates really the basic foreign policy of the United States, cannot have it both ways. They cannot ask us both to withdraw into citadel America and to save money, because they themselves admit that if we withdraw into citadel America we must greatly expand the Armed Forces of the United States, and to expand those Armed Forces will cost far more money than is involved in this foreign-aid program. They know it, and we know it; so it is nothing but a forensic appeal to the American people not based upon fact.

Let us examine that fact, because it is a very interesting one. We have been told that this is a giveaway program. The program is in fact 90 percent for military aid and 10 percent for economic and technical assistance—90 percent for military aid. I ask the mothers of America whether they think that in the eyes of the mothers of Great Britain and France and Belgium and Holland it is a giveaway to give their children arms with which to risk their lives to defend freedom. And if this is a giveaway program, Mr. Chairman, why is Western Europe this year spending upon its military forces \$14,930,000,000, whereas we will spend by this bill for the same purpose if we appropriate the whole amount authorized, \$2,079,698,870? Does that sound like a giveaway to the people of Europe? Would they not be very much better off if, instead of accepting the giving away of this amount of money, to accept the proposed amendment of the gentleman from South Carolina and the gentleman from Alabama and to say: "Sure, Mr. United States, you protect us." With what? "With the hearts and the lives of your young men as well as with your treasure, but particularly the hearts and lives of your young men." These gentlemen seem to be very solicitous about a policy which in actuality will require Western Europe to jeopardize seven times as much in money as we do, plus the lives of its youth, if only we help give them the tools to do it with.

Mr. WILLIAMS of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield.

Mr. WILLIAMS of Mississippi. Will the gentleman tell us about the proportion of the troops we have furnished in Korea as compared with those of our allies?

Mr. JAVITS. I am delighted the gentleman has asked me that question. We have put up the bulk of the forces in Korea. Now I would like to ask the gentleman a question. Can he tell me how many men we have sent to aid the anti-Communist struggle in Indochina? How

many men has the United States got in Indochina and how many men has France got in Indochina? How many men has Britain in Malaya in a hot war and how many has the United States?

Mr. WILLIAMS of Mississippi. That is France's business.

Mr. JAVITS. That is the ambit of the gentleman's understanding of this problem, for the anti-Communist war is not alone in Korea where we are fighting; it is not alone in Indochina where the French are fighting; and it is not alone in Malaya where the British are fighting. It is, and I believe the American people understand thoroughly, a single global anti-Communist struggle, and that what the French are doing in Indochina, what the British are doing in Malaya, and what we are doing in Korea is all in the nature of one anti-Communist war.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield.

Mr. JUDD. I wish to correct the statement of the gentleman from Mississippi. He said there was \$70 billion in the military program in this budget for this year. It is actually \$43 billion for our defense, not \$70 billion.

Mr. DORN of South Carolina. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from South Carolina.

Mr. DORN of South Carolina. What we are trying to say is that you cannot with money alone buy courage and will power and a determination to resist. I would like to point out one other thing to the gentleman from New York, whom I admire very much. That is this: There have been a lot of statements made here today about the awful calamity it would be if France and Italy fell behind the Iron Curtain. Hitler took over Italy and France, and that was his downfall. They were a liability. He had to divert troops and he lost the war. The same thing might happen to Russia. I am not advocating that, but it could.

Mr. JAVITS. Yes; you cannot buy morale, you cannot buy the will to resist—but the will to resist in this modern technological world is worthless without weapons. We are supplying the weapons to be added to the morale and the will to resist. I would like to remind the gentleman in speaking about France and Italy that it cost 10 million casualties, including almost a million American casualties, to redeem Europe from the grip of Hitler. Do you want the same thing to redeem Europe from the grip of the Kremlin?

We discuss this bill at a very critical moment in the history of the world. Events are not standing still, events are marching forward at a tremendous rate. If we stand still we can suffer from the juggernaut.

These events are taking place in Germany through the tremendous effort of the Soviet Union to unify Germany on its terms, which is dangerous to the free world and to the key participation of Western Germany to the defense of Europe. The Soviet Union is also making efforts to pull apart the unity of the free world in Austria by permitting increased traffic between the zones and

other ameliorating measures; in Turkey, through renouncing claims to borderlands and to offer to negotiate anew on the Dardanelles; in Korea, through a truce; in Great Britain, by trade offers—enormous trade offers; in Japan, by offers of a rumored two to two and a half billion dollars' worth of trade from Communist China.

In Czechoslovakia and in East Germany, we see the stirrings of freedom in the spontaneous uprising of working people.

Now, under these dynamic conditions, are we going to let the great free peoples of the world each go off on their own, or are we going to do something to help them in a reasonable way, and it is a reasonable way to maintain their community of interest in the defense of freedom and in its development.

We are spending well over \$40 billion for the armed services of the United States in fiscal 1954. We are spending a maximum of \$5 billion on this foreign-aid program. Now, no great people, and the American people are a great people, no world leaders want to plead self-pity or do any breast beating. The American people have a gross national product this year of about \$360 billion, they have a national income of about \$290 billion.

In the face of that, can we say that \$5 billion to help the rest of the free world to meet urgent problems, mainly of military defense, is too much? Furthermore, it is to help us in defense against the greatest threat the free world has ever known. Is that too much—1½ percent or less than 1½ percent? That is not so in the eyes of the American people.

The security of our country is being tremendously buttressed by this program, and this should be at the lowest possible cost, and when compared to our capability the cost is absolutely reasonable. I would like to produce evidence on that.

The new Secretary of the Treasury is a very conservative gentleman. He has gotten a great reputation in the country for being very careful with money. Let us see what he says about this program. You would think he would be pretty cautious about it. I asked him a question on page 306 of the record. I said:

Mr. Secretary, do you believe that the total amount asked for in this program, \$5,800,000,000—it is now down \$800 million from that—is within the financial capability of the United States, as you are in charge of that financial capability?"

This is his answer, and I would like to read it in full.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. GORDON. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. WILLIAMS of Mississippi. Mr. Chairman, I think the House ought to be here to hear this 1-minute speech. I make the point of order that a quorum is not present.

The CHAIRMAN (after counting). One hundred and seventeen Members are present, a quorum.

Mr. JAVITS. I would just like to conclude by reading the answer of Secretary Humphrey. The committee will recall I asked him whether \$5.8 billion

was within the financial capability of the United States:

Secretary HUMPHREY. That is a most difficult question to answer because very frankly I think we ought to balance the budget and if we cut it all out we would come nearer balancing the budget. On the other hand, I do not think we can or should cut it all out. I hope that it will be somewhat further reduced. I hope there will be another four or five hundred million dollars to come out of the authorization but I think that the expenditures that are contemplated, nearly all the ones that I have gone through, and I have gone through most of them, are desirable expenditures to make, notwithstanding the fact that we do not see the balanced budget yet in sight.

This is the financial man of the United States, and I think that ought to be a conclusive answer to those who say we are bleeding ourselves white.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from Pennsylvania.

Mr. FULTON. I want to compliment the gentleman, because, I understand, he sponsored an amendment that amounted to one-third of the total cuts made by the Committee on Foreign Affairs on this bill.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mrs. CHURCH. Mr. Chairman, I do not think that I need say to the chairman or to anyone in this House that the Members who signed the minority report do not yield, to the rest of the committee, one tittle in their desire for security and for peace, nor do they yield one iota in their desire to support a courageous and dynamic President. Our position is explained in two familiar lines to which I often take recourse: "There lies more faith in honest doubt, believe me, than in half the creeds." Because our doubt was honest and sincere and strong, we felt that we must bring to the House our viewpoint. I stress the point: We also believe in mutual security. We do not think for 1 minute that America wants to go it alone, unless she has to, in a mad world. We would vote to aid our friends, if such would bring peace and support, but we see mounting evidence that what we are buying in the world is a security which is not mutual, a security that does not promise the necessary greatest possible modicum of real defense and real peace.

Now briefly to the bill. It seems a short 2 years since I as a freshman Member took this floor. Realizing at least that I could plumb the depths of my own ignorance on the Mutual Security Act of that time, I limited my remarks to a strong plea for solvency: a reminder that no nation, however strong it was, if it committed itself to a program of possible bankruptcy—no matter how necessary or how worthy the projected program—could long endure.

I remember saying at that time, and I repeat it now, that if we so permitted our resources to be drained to the last extremity, we would carry down not only ourselves, but with us the whole free world, together with the freedom and the safety and the hope of the peoples of that world.

Today, as a junior member of the Foreign Affairs Committee, I might well express that same fear of overextension. That fear, however, is not my greatest one. Today, despite a mounting debt, I would pay almost any price to find the key to peace. My greatest fear now, however, is that we have not yet found the answer.

I thought as I listened to Dr. Judd, who certainly gave us the greatest picture of the dream at its height of what this program was meant to produce, that it might take the Biblical tongues of men and of angels to follow after. What Dr. Judd portrayed remains to me, however, the dream and not the actuality, much as I wish it otherwise.

The other side of the golden dream was recently equally graphically expressed by a committee member who supports this program when he said:

We set out to isolate communism, and may end by isolating ourselves.

I sought membership on the committee because I had been convinced in 2 years that every question that we attempt to settle, either foreign or domestic, hinges on a foreign policy. I was personally concerned also about foreign policy, because I have lived through four wars and have contributed members of my family to two of them. I want peace. I want security.

I have made every effort to acquaint myself with the provisions of this bill. I have spent 853 hours in the study of its proposals. I have read in full the reports of the Stassen evaluation teams. I took advantage of the opportunity offered to go abroad to study the situation in Europe. I come back and speak to you today, I assure you, certainly not as an arm-chair general, certainly not presuming to call myself a statesman, for I will never be that; and not even thinking that I am an expert in foreign affairs. I come only as a plain, honest American who looks at her world and is troubled; and who has become increasingly convinced that no policy based on force or dollars can alone provide the final answer.

There are technical difficulties in this bill. It is to my mind much too big, too big for real study by any one committee within a specified time, no matter how experienced the members. It involves the wise appropriation of \$4,998 million in one swoop, and that after the committee cuts were made. It is, moreover, too bulky. The chairman in the excellent majority report with admirable candor pointed out that this bill contains "7 chapters and affects 56 countries, every country on earth directly." That is a big load:

It is also exceedingly unfortunate that the bill contains large grants based on agreements which are not made and may never be made. Such grants total nearly \$1 billion—an amount which we hold might be laid aside until such time as those agreements become effective. Great elasticity for shifting appropriated moneys is also allowed. This aids and abets the system by which Congress is losing further control over the finances and financial policies of this country.

As stated on pages 4 and 5 of the minority report:

Furthermore, this bill is an example of the way in which the Congress is losing its constitutional authority in the control of expenditures. In addition, there is a provision in H. R. 5710 permitting a 10-percent transfer within an area between funds authorized for different purposes in the area or between countries or groups of countries in the same area; another provision permits a 10-percent transfer between areas for the same type of assistance as the funds were originally authorized for.

In the case of military assistance, the authorization for fiscal year 1954 involves funds for many military end items to be shipped not in fiscal 1954, not in fiscal 1955, but in fiscal 1956. Unexpended funds are estimated to amount to \$8,038,300,000 by the end of June 30, 1953. Estimated expenditures are estimated by Secretary of Defense Wilson to amount to some \$5 billion for fiscal 1954. Thus, the unexpended balance from present appropriations remains at the end of fiscal 1954, the fiscal year for which authorizations are requested in this bill, will equal \$3,038,300,000. Thus, if we authorize no funds for fiscal 1954, there would be more than enough military end items to ship abroad. Secretary of the Treasury Humphrey in testifying before the committee pointed out the danger of "getting away out so far in front." He pointed out how the Congress has lost control of expenditures: "At the moment you have not any control over expenditures at all. It is in large part money that was appropriated 1 or 2 years ago. We have not any control over it and you have no control over it. You are just paying the bills as the stuff comes in. The way to stop that is to stop buying ahead." We don't stop buying ahead in this bill.

It is further unfortunate even if necessary that the bill comes cloaked in so much secrecy. For me, it is particularly unfortunate, because I found this morning on referring to page 1344 of the committee hearings, in desire to prove my own remarks by a statement from a leading administration statesman who appeared before us, that both my question and his answer had been deleted for security reasons. For further instance, I hope tomorrow morning to introduce an amendment. I can barely hope to pass it, because I am not free to explain to you what is behind it. But I know what is behind it, and feel that the House would agree as to the involved danger. It is too bad that the House, in discussing foreign policy, is perforce unable to pierce the veil of secrecy which prevents Members from knowing actually what is in this bill, as well as what policy it sets forth. For this is not an appropriation bill, it is a bill appropriating money that will make policy. Congress should be able to explore and decide that policy.

There are, therefore, strong technical points of which I disapprove. But there is more than that. We come stark against the fact that this bill still presents only the same answer to the same problem. The problem is not new. We had it in 1947, 1948, 1949, 1950, 1951, 1952. And in 1953 we still come to you asking for what? For dollars. Dollars for military aid. Dollars for economic aid. Dollars for military aid to nations abroad which will release their own dollars for economic purposes. Dollars for economic aid spread over the globe. There is no new approach, no new formula—

and to date, the old approach, the old formula is not enough.

Mr. Chairman, I believe in strength. I am no prophet of doom nor of fear. I assure you that it takes more courage to look beyond the present and dare to suggest a change in course, or at least to suggest the need for a change in course, than to continue on the same familiar, previously charted path, insisting because you can think nothing different, that this is the only thing to do.

I would add this. We face a new and dynamic period in world affairs. The political mold is breaking in Europe, Asia, and Africa. Every hour denotes change in trend and balance. The gentleman from Minnesota [Mr. Judd] outlined better than I ever could hope to do the nature of such changes. Such change demands on our part a fluid approach, built on a well-determined policy based on moral purpose.

In this changing world, in which the danger alone remains constant, we want allies, but we want them with us because they believe what we do, not because we have temporarily bought their allegiance with our dollars. We want friends who will stick by us because they are indissolubly bound to us by principle.

Where does this take us. It takes me directly to the point where I find that our policy in war and peace is still being dictated, or an attempt is being made to dictate it, by allies we have fed and clothed and armed, but who do not share our principles or aims. The time has come to ask: "Are you with us or against us?" I am not frightened by political conditions in France, alarming though they be. I am not frightened by conditions in Italy, disappointing as they have proved. I am not even frightened by the conditions in Korea, although they are heartbreaking. I fear only that our own aim will weaken; that our own faith in freedom will be curtailed by our allies. And I know this. A nation which has for 7 years poured out its dollars and its sons and our American blood everywhere has the right to ask, "Are we going to be allowed to stand by our convictions?" To pass H. R. 5710, to pass out added funds, will accomplish naught for peace and security if we cannot awaken in our allies understanding of, and respect for, the principles of human freedom for which alone we fight.

I hold that H. R. 5710, marking only the same material approach, is not enough. In fact, is it not true that in the entire program we may have failed either to impress our friends or win our goal because we have put too much emphasis on materialism and not enough emphasis on spiritual values? Is it not possible that we have gotten no further than we have because we have sought to gain allies by promising only material aid instead of by selling the real spirit of American freedom?

How can we possibly feel that we have allies who understand what we are talking about or fighting for when Great Britain and the Commonwealth Ministers can suggest to us that we should become "realistic"? What basic understanding of us can they have when at the same time that we are pouring bil-

lions into Europe to save that continent from communism they invite the Communists to sit down with them at the table, trust them in Asia, and even urge admittance of Red China to the United Nations? To me it makes poor sense and bodes no good for permanent peace.

I have not too much time. I repeat again, those who signed the minority report respect and demand strength. We want true allies, and would certainly support such allies. But we hold that in view of changing international events and currents it might be well to hold off and keep in our own hands the trump card of decision.

Why lay down full authority or go the whole length in authorization before we can estimate what is going to be needed of us or where or what influence we might wield if we kept some of our strength and some of our promise back?

I assure you I myself would not speak this way if I were not convinced, with that splendid gentleman, Mr. BURLESON, of Texas, that there is sufficient money already appropriated to cover amply within fiscal 1954 all military and economic needs. Remaining unexpended appropriations, I repeat, would permit us to carry on the necessary aid, would permit us not to turn our back on those who want help, not to withhold arms in places where it would strengthen us to have those arms. We would definitely not have to say to any people, "We have dropped the program."

Thus it seems to me the part of courage, valor, plain commonsense to say: Let us stand aside; let us stand aside briefly, take a fresh look at the problem, a fresh look at the world, a fresh look indeed at our aims, certainly a fresh look for fresh remedies. Above all, let us determine that no program can be built alone on might; that no program to succeed for a nation such as ours can be built only on materialistic strength.

As I close, I am mindful of a great country in which I have such faith that, even as I warn, I speak with courage and not with fear. I think of a nation that has been founded in freedom; that has within the bones and sinews of its people the spirit of freedom; that has in its heart Christian idealism; that has proved to the world its spirit to give and to serve; and I know that such a nation can never fall, if it remembers those things for which it stands; if it is able to pour into the hearts of its allies some appreciation of the things in which it believes; if it tells the people on this side of and behind the Iron Curtain, of the glory of what it means to live as free men and women.

I reiterate that I am recommending at this time no withdrawal of protection, no diminution of our strength. I reiterate that we need to be strong, but that more than anything else our essential need is moral strength, expressed in moral action—a strength that will be demonstrated by unwillingness to protect colonialism for instance in one area of the world, unwillingness further to sell out nations behind the Iron Curtain, and assurance to free people that they will not again be bartered away. I believe if we convince the world that we will stand

by what we believe, that nations and peoples will know that we walk, and that they can walk safely with us, in the protection of those old and never dying words: "Not by Might, not by Power, but by My Spirit." A foreign policy, based on so firm a foundation could never fail.

Mr. GORDON. Mr. Chairman, I yield 5 minutes to the gentleman from West Virginia [Mr. BAILEY].

Mr. BAILEY. Mr. Chairman, I can assure you that the oratorical pyrotechnics that have been popping on the floor for the last few hours will be silent during the few minutes that have been allotted to me. I was one of the small group who voted against the rule bringing this legislation to the floor. I considered for a time voting "Present," but I remembered a practice during my long life that when in doubt always say "No," for then you always have an opportunity to change your mind.

I am in doubt, Mr. Chairman, as to the wisdom of the policy proposed here today. And why am I in doubt? Let me preface my remarks by saying that I have supported both military aid and economic aid in this program since coming to the Congress first in 1945. During the last session of Congress I supported a drastic cut in the economic section of the funds to be appropriated and in the authorization of those funds.

Now, why am I still in doubt? I am going to assure you, Mr. Chairman, that I shall continue to vote for every cent of military aid that is necessary. I have my doubts on the economic phase of this program. During the last 3 or 4 years American tax dollars have gone to the construction of pottery plants in Italy, glass plants in France. Today American dollars are building one of the big power projects on the lower Rhone River.

In contrast to that let me say to you that the pottery plants in my district in the State of West Virginia are closed. Only one of them is operating, and that on a share-the-work basis. Let me say to you that 4 out of the 9 plants closed in my district are closed because we have built glass plants in France with American tax money and pottery plants in Italy.

Let me go a little further and remind you that I have an area in my district in West Virginia in which flash floods have drowned 81 in the last 10 years. Only yesterday another flash flood struck that section, that same area, drowning 2, and there are 3 or 4 others missing. Hundreds of thousands of dollars of damage was done. I am reminded that 2 days ago the Senate Appropriations Committee cut out of the Agricultural appropriation bill the \$5 million item for upstream improvement on these critical areas throughout the country, demonstration projects, if you please.

It causes one to be in doubt and to wonder when we can see that this mutual security is a one-way street. It ought to mean security here in America. I sat by here more or less helplessly on Monday of this week and saw the leadership of the House on both sides ram through a year's extension of the Reciprocal Trade Agreements Act, totally disregarding

hundreds of witnesses and thousands of pages of testimony that the coal industry and the independent oil industry was being ruined through the operation of the supplemental Venezuelan Trade Agreement Act that is flooding this country with what in Venezuela is a waste product, residual fuel oil. I was powerless to do anything about it. I want my colleagues on the floor of the House to know that at the time that I addressed the committee on this proposition 171 mines were closed in the State of West Virginia. Eleven have closed since then, and I have a list of some 16 or 17 that will close before the first of July. Forty thousand miners are now out of work along with 12,000 railroadmen used in transporting the coal. Eleven thousand of those men have drawn all their unemployment compensation. I have towns in my district and there are towns in other sections of West Virginia, mining towns of from 500 to 2,000 population in which a mine that had previously employed 600 or 700 miners has closed; the company store is closed; 75 percent of those people are on direct relief. I am mindful of the limit of the relief funds that my State, West Virginia, will be able to supply to take care of situations of that kind.

There is still doubt in my mind despite all the oratory I have listened to, and I have still got an open mind if I can be convinced that the policy is a proper one.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Connecticut [Mr. MORANO].

Mr. MORANO. Mr. Chairman, I just heard the very eloquent address by the distinguished, able, and charming gentlewoman from Illinois, and while I have come to admire and respect her very much since I have been associated with her on the committee I must disagree with her point of view. The constituents of her district are to be complimented for electing the gentlewoman from Illinois [Mrs. CHURCH] to represent them in Congress.

Mr. Chairman, we have heard much about economy and much about the need to cut the mutual-security program next year in order to economize. I am a firm believer in the need to eliminate waste of Government funds. It is extremely important to curtail needless expenditures and to lay the foundation in this country for a strong, sound economy.

But we must be thoughtful, we must proceed with caution lest in our zeal to strengthen our domestic economy we allow to crumble the structure of a free world upon which rests not only our economic solidarity but possibly our very existence as a free nation.

The kind of economy we would get by further cutting the mutual-security program is the same kind of economy that leads a man who lives in a tinder box to economize by not buying a fire extinguisher.

Who would be so bold as to say that we already have enough protection that we can stop our efforts to build fire extinguishers? There is incipient fire in the world. Can we afford to stop paying the premium on our fire insurance?

The mutual security program of President Eisenhower represents about one-

tenth of the total investment we are making in insurance for freedom.

The President has said that we get more for our money spent in helping our allies to build up and maintain their armed strength and their economic strength than we would get if we devoted the same amount of money merely to increasing our own military forces.

I know of no man in this country today more qualified than President Eisenhower to judge astutely the amount of aid needed to spur freedom's march around the globe.

It is true that previous aid programs have sometimes been wasteful and extravagant. For the first time in years Congress has had presented to it a budget from which all of the water has been squeezed in advance, a bill pared to the bone, a bill made up of only the essentials needed to insure security.

This bill has experienced four successive cuts by an economy-minded Executive. It is now 34 percent below the Truman budget request, and \$830 million, or 15 percent, below the original administration request.

At a time when the highest military authorities tell us that Communist military strength is at its height and still growing, should our answer be to cut down on an honest request for funds to build up the strength of the free world?

What would be the effect of further cuts?

Our allies would be discouraged from making further efforts to help themselves, at a time when strong evidence appears that the Soviets are losing their iron grip on peoples bound to be free. Our new, inspired policy of encouraging liberation for the oppressed is beginning to show results. The recent anti-Communist riots in East Berlin are dramatic evidence that man's will to be free is growing stronger.

Without the help and encouragement of the strongest nation in the world, what enslaved peoples would dare strike out for freedom? We cannot build strength from fear or weakness.

Drastic cuts in the President's program for the next year would serve to give aid and comfort to the enemy, and might even encourage the Communist bloc to indulge in further aggressive adventures. We cannot afford to take this chance. Strength generates courage. Weakness leads to defeatism.

As for the half billion dollars the President has requested for technical, economic, and developmental purposes, we know that progress generates hope, and hope results in resolution.

We cannot afford to cut this program. We cannot afford to slow down freedom's progress, to dampen the hopes and to check the resolution of those millions of people in the underdeveloped nations who look to us for their grubstake to the future.

No; we are not going to buy friends. We are not going to buy freedom. But we can help to promote freedom for all whose hearts cry for freedom. This policy of mutual security can produce results. It can work, and it has worked in deterring Communist aggression in

Europe. Shall we abandon it now, possibly in the twilight days of communism's domination?

We cannot have lasting peace in a world insecure. If there is a road to peace—and I am sure there is—I have faith in President Eisenhower's ability to lead us to it.

With a firm, sound foreign policy and a realistic mutual-security program, we can travel that road to peace in concert with our allies.

Let us approve what the President has asked for. The money will be wisely used. Let us show the world, both friend and foe, that the United States is not abandoning its role as the world's prime mover for peace and freedom.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. MORANO. I yield to the gentleman from Pennsylvania.

Mr. FULTON. It is a pleasure to compliment the gentleman on his fine statement. He has clearly and firmly stated the Eisenhower administration policy for United States security and defense.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. MORANO. I yield to the gentleman from New York.

Mr. JAVITS. Mr. Chairman, I wish to compliment my colleague, the gentleman from Connecticut [Mr. MORANO] on a splendid statement on this bill.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. MORANO. I yield to the distinguished gentleman from South Carolina.

Mr. RICHARDS. May I express my profound appreciation of the clear thinking of the gentleman from Connecticut as expressed in his splendid address to the House.

Mr. GORDON. Mr. Chairman, I yield 10 minutes to the gentleman from Alabama [Mr. BATTLE].

Mr. BATTLE. Mr. Chairman, I take the floor at this time to support this legislation, which I do somewhat reluctantly. I shall support this authorization because of the alternative, as I see it, of simply doing nothing, or following a line which I do not believe would put us in a position to defend ourselves against communism once it comes to an actual shooting all-out war in our direction. I support it because I think in the final analysis, as Assistant Secretary of Defense Nash said, it will cost the United States much more money in the long run in the way of our own military defense if we cut out this foreign-aid program and that the end results will not be as effective as it will if we go ahead and do our best to support our allies and to get them to support this joint effort of defense against Communist aggression.

First, Mr. Chairman, I would like to thank the gentleman from Illinois [Mr. CHIPERFIELD], the chairman of the Committee on Foreign Affairs, and his cochairman, the gentleman from Ohio [Mr. VORYS], in presiding so impartially and so fairly in regard to the minority on that committee. I would like to say also that the votes in the committee were completely nonpartisan, so far as I could tell, because in many cases it seemed to

alternate from person to person and from side to side, and that, I think, is the way it should be, because such an issue is too great to be a partisan affair. We had long, hard, and sometimes somewhat confused hearings, but the information is available today in the reports and in these speeches and in the piles of statistics which we have in the Committee on Foreign Affairs. The best that we can do today and tomorrow is to try to present them as fairly and as clearly as we can to you so that you can use your own judgment. As I said, I have some misgivings about this program, some which have not been contained in the minority report. It has been mentioned that France is weak and that she is without proper leadership. That is certainly true. Their attitude on trading behind the Iron Curtain was repugnant to me when I visited that nation last year. There is also the lack of support we have gotten in Korea, which is a just criticism. The lack of support by the members of the United Nations is an appalling thing, because certainly the military effort in Korea was voted by the United Nations, and it should have been more of a joint effort. I think they could have done much more to win the war instead of taking the attitude that it is more an American war than it is theirs.

I am particularly aware of the fact that nearly every Member on and off the floor today has had projects cut out of his particular district. I am thinking of the Gorgas project in Alabama that was cut out, a proposition whereby the Federal Government had invested money for some years back jointly with the Alabama Power Co., a proposition where the Government and private enterprise were cooperating completely together and were on the verge of success, almost to the point of beginning a new enterprise. This is a project that has been joined by representatives from different parts of the world for the purpose of taking old coal mines that have been abandoned, burn them for years, and capture the smoke and residue that comes from those mines to make all kinds of worthwhile products. Projects that all of us have held dear to our hearts have been cut out, and I am certainly aware of that.

I am aware also that our allies in many cases take an opposite view to the one which I take in that they want to recognize Red China in the United Nations, which I would never do. Far be it from me ever to legalize the rape of China.

The problem of trade behind the Iron Curtain is a project I have worked on for quite some time. I am unhappy to report that we have not made more progress in stopping the shipment of strategic materials which builds up the Communist war machines, not only in China and Russia, but in other Iron-Curtain countries. We are still facing a situation where our allies in various parts of the globe are leasing ships to nations behind the Iron Curtain, with some restrictions, yes, but once they get upon the high seas they can go just about anywhere they please and haul about any type of cargo they wish.

We are facing a situation, which I have been promised would be corrected for at least a year in the free ports of continental Europe. Many of the free ports on the continent of Europe make no effort to stop strategic shipments coming from any nation in the world legally or illegally through their ports for further shipment behind the Iron Curtain. They have made and will make no effort to stop those shipments. They have indicated that they will agree to set up an inspection system and establish the same embargo regulations which apply to all other shipments, but so far it is just promises in the international coordinating committee of Europe and elsewhere.

I would like also to point out to the House at this time the problem of prior commitments, commitments that were made prior to the passage of the Battle Act, which embargoes shipments of strategic goods behind the Iron Curtain. The United States has made exceptions to the shipment of \$2,500,000 worth of strategic goods from our allies behind the Iron Curtain. There is over three times that much pending. We have set a precedent of making exceptions to different nations, and now it will be most difficult to get out of that pattern because various other countries will be coming along and saying, "Here we had prior commitments and contracts made before the passage of your embargo legislation and we must follow through." We well remember the Danish tanker that was sent behind the Iron Curtain not too long ago, and the tragic fact, as I understand it, that Denmark has another tanker in the making. We have no assurance whatsoever that this second tanker will not be sent behind the Iron Curtain, because it is part of a prior contract. I was particularly disturbed during a trip I had last year by the attitude of some neutral countries like Switzerland and Sweden, great democracies, strong financially and strong militarily, who are more or less taking a free ride and will not participate aggressively in NATO and who will not participate aggressively in this international coordinating committee in Europe, which is designed to stop strategic trade from going behind the Iron Curtain. They will not participate actively in the defense of Europe unless the enemy chooses to come over the mountainous terrain of their own particular countries.

I was very much impressed with the statement this morning of the gentleman from Texas [Mr. BURLESON], although I disagree with his conclusions to some extent. I think it is long past due that Europe lay it on the line, so to speak, and that we no longer have to rely on promises because we have been blessed with much more time than I thought we would have been blessed with a few years ago. That is the reason I support the Richards amendment. I think it is absolutely necessary. I do not visualize this as a club to hold over their heads, but I do know we cannot continue to give aid and assistance and help forever without getting more results.

I do not agree with the proposition that has been expressed here recently

about this program having to be stretched out over a longer period of time. I have disagreed with the attitude of Great Britain and other European countries in this respect because they have more or less seemed to think that they have 10, or 15, or 20 years to get prepared. I think we should go ahead with this program and get prepared at home and abroad as quickly as possible.

I hope the other body will adopt the Richards' amendment to give an incentive for the establishment of this European defense community immediately and set up their defense so that all can be more secure against the aggression of Russia.

I would like to point out in conclusion that we must not feel that a truce in Korea will end the danger of World War III. Certainly we have not accomplished enough but, as Dr. Judd said, our allies are still free and I am convinced in my own mind that without the Marshall plan and the so-called Truman doctrine, France would have gone down, Italy would have gone down, and Greece possibly would have been overrun. I feel certain we would have already been engaged in World War III without these programs. Any investment that can save American blood or has a chance of saving American blood is worthwhile. I feel, in the long run, we will have some allies by our side. Certainly Turkey will fight. Great Britain is our strongest ally, and if we cannot persuade England to go along with us and work with us then we ought to be ashamed. Our position of leadership would not measure up to the great heights we can attain. There is no other alternative as far as I can see except doing nothing. I strongly support our military defense within, and I believe this program will also help to support the defense of America in which we are all vitally interested. We need all the help we can get to save the lives of American boys.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Indiana [Mr. ADAIR].

Mr. ADAIR. Mr. Chairman, as we consider this very important legislation this afternoon, I speak as one of those who signed the report setting forth certain minority views. It has previously been brought to the attention of the House that those of us who signed that report certainly have a great interest in the security of this Nation and the free world. We do not, however, believe that the bill as it is now presented to us accomplishes those ends.

Specifically, this bill, in my opinion, fails as to amounts, areas, and, in some cases, allocations. This will be brought to the attention of the Committee more specifically tomorrow when amendments are offered.

We do not believe that our Nation today proposes to go it alone. We believe that we must have friends, but those friends likewise must contribute their share toward assuring the mutuality of the program. Beyond that we have the matter of our own economic stability in which we are interested.

I should like to recall to the attention of this body what was said by the Secre-

tary of State in that connection. He said:

The American economy is the very heart of the strength of the free world. But our resources are not unlimited and we dare not endanger our fundamental economic stability. * * * If economic stability goes down the drain, everything else goes down the drain.

With that statement I think we can all find ourselves in agreement.

Reference has been made earlier to the uncertainty and chaos which exist in the world today. It would be redundant at this hour to point out the situation that exists in France and Italy and Indochina and Korea and Germany. We all know that conditions in those nations and elsewhere are most uncertain and chaotic.

I should like to make further reference to the point of view expressed by the gentleman from Texas [Mr. BURLISON]. I think it is very sound and one which should have the very serious consideration of the Members of this body. He has proposed that, in view of the great uncertainty which exists, we stand back and take a long and deliberate view of the world conditions and then, based upon that view, try to arrive at a proper decision. In my opinion, he is reinforced in that position when we understand that there are enough unexpended funds on hand in these programs to do more than to carry the program forward through the coming year. In other words, the argument that our pipelines need to be kept filled does not seem to apply here, because the funds are available; and if we simply see that the authorization is there for their continued expenditure, the money can be spent, pipelines can be filled, and we would have the opportunity to look more closely and in more leisure at this great problem.

I think some of those who fear that we should not make any cuts in this program likewise fail to take into account that funds for the defense of the free world, specifically including, of course, our own great Nation, will without doubt be included in the bill for appropriations for our own armed services. Certainly those who are considering or will consider that bill will have in mind the needs of ourselves and the free world.

Finally, it can be said with justification that the budgets of the free world need bolstering. Of course they need bolstering; so does our budget need bolstering. We must give great thought and attention to that.

And in conclusion I would like to point out, as others have before me today, that in previous appropriation bills that have come before this body we have taken out funds for hospitals and schools and projects for the benefit of our own Nation. I believe that we have an obligation to ourselves and our constituents to look most closely into any effort which is based upon giving away funds to other nations when we deny them to our own people.

Mr. Chairman, I yield back the balance of my time.

Mr. VORYS. Mr. Chairman, I yield such time as he may desire to the gentleman from Illinois [Mr. McVEY].

Mr. McVEY. Mr. Chairman, we have before us today the Mutual Security Agency appropriation which, in more understandable terms to the public, means our foreign aid spending program. The amount of aid extended to foreign countries, since the inception of the lend-lease program 13 years ago, has reached staggering proportions. The total is much larger than many of our people realize.

The foreign-aid program began with the lend-lease shipments on July 1, 1940. In the postwar years, one appropriation after another has followed in rapid succession. The United States disbursed gross foreign aid to the value of \$84,795,000,000 between July 1, 1940, and December 31, 1951. During the war years, \$49 billion, in round numbers, was expended and, between the close of the war and December 31, 1951, another \$35 billion in aid was passed out to foreign lands.

The totals of foreign aid made available include not only gross foreign aid utilized as of January 1, 1952, but, in addition, unutilized aid which, as of the same date, amounted to \$16,105,000,000. If to the above sum is added the total of unobligated funds, the aid available to foreign nations for the period, July 1, 1940, to July 1, 1952, amounts to approximately \$104 billion. This total includes the United States commitments of \$2,750,000,000 to the International Monetary Fund and \$635,000,000 to the International Bank. To the above amounts, should be added \$6 billion which represents the amount of foreign aid appropriated for the current fiscal year, ending June 30, 1953.

The extension of these huge sums in foreign aid during World War II is readily understandable. We were engaged in an all-out war, and we were compelled to win it at any cost. But, let us look at the aid extended since the close of that war:

[In billions]	
Grants utilized.....	\$25,755
Credits	11,072
Total.....	36,827
Less renegotiated lend-lease grants..	1,256
Net.....	35,571
Plus utilized aid as of Dec. 31, 1951..	16,105
Plus International Monetary Fund..	2,750
Plus International Bank.....	633
Total.....	55,061

It is difficult for the average individual to understand the impact on our economy of the expenditures of such huge sums. If one undertakes to spread this cost over the householders of the Nation, it will be found that for every family of four this program has cost or will cost \$3,328.

Does the average family really play an important part in the financing of our foreign-aid program? It certainly does. The working men and women, as well as the corporation, carry this burdensome tax load. Much of it is collected from hidden taxes. Taxes upon about every purchase made: theater tickets, transportation, purses, jewelry, alarm clocks, hand lotions, and many other articles

carry excessive taxes. Telephone companies have calculated that taxes on each telephone installed in the home amount to more than \$3 per telephone per month. Yes; we meet these taxes at every turn, and it is time the working men and women become conscious of the inroads of taxes upon their earnings.

There is another phase of these expenditures about which the public is poorly informed. We are accustomed to think of our foreign-aid program as an effort to assist the free nations of Europe to rehabilitate and arm themselves against the forces of aggression. When the average layman is apprised of the fact that our money and resources are used to finance nations in just about every quarter of the globe, the information comes as a shock. It is believed that our taxpayers have a right to know where their money goes, and, with this in mind, I have set up the following table which contains information gathered from authoritative sources:

<i>Foreign grants by country</i>	
WAR AND POSTWAR PERIOD (JULY 1, 1940— DEC. 31, 1952)	
Total.....	\$78,374,501,000
American Republics.....	713,631,000
Argentina.....	1,437,000
Bolivia.....	10,765,000
Brazil.....	373,421,000
Chile.....	30,711,000
Colombia.....	12,961,000
Costa Rica.....	5,860,000
Cuba.....	7,304,000
Dominican Republic.....	2,688,000
Ecuador.....	15,746,000
El Salvador.....	3,705,000
Guatemala.....	7,744,000
Haiti.....	6,664,000
Honduras.....	4,862,000
Mexico.....	143,631,000
Nicaragua.....	3,335,000
Panama.....	3,010,000
Paraguay.....	8,215,000
Peru.....	28,743,000
Uruguay.....	9,049,000
Venezuela.....	8,727,000
Unspecified.....	25,053,000
Afghanistan.....	304,000
Albania.....	20,444,000
Austria.....	989,595,000
Belgium-Luxembourg.....	638,486,000
British Commonwealth.....	33,693,924,000
United Kingdom.....	31,808,879,000
Australia.....	909,288,000
Bermuda.....	1,000
British East Africa.....	301,000
Ceylon.....	46,000
Federation of Malaya.....	10,000
Hong Kong.....	368,000
India.....	628,429,000
Jamaica.....	3,000
New Zealand.....	251,732,000
Nigeria.....	1,000
Pakistan.....	1,493,000
Southern Rhodesia.....	1,000
Trinidad and Tobago.....	3,000
Union of South Africa.....	93,370,000
Burma.....	11,521,000
China-Taiwan (Formosa).....	2,969,979,000
Czechoslovakia.....	191,928,000
Denmark.....	237,143,000
Egypt.....	2,543,000
Ethiopia-Eritrea.....	3,176,000
Ethiopia.....	3,161,000
Eritrea.....	15,000

<i>Foreign grants by country—Continued</i>	
Finland.....	\$3,493,000
French Union.....	5,745,013,000
France.....	5,691,567,000
Algeria.....	16,052,000
French Equatorial Africa.....	118,000
French Morocco.....	68,000
Indochina.....	37,208,000
Germany.....	3,571,437,000
Greece.....	1,551,001,000
Hungary.....	2,359,000
Iceland.....	22,237,000
Iran.....	24,458,000
Iraq.....	509,000
Ireland.....	18,641,000
Israel.....	98,113,000
Italy.....	2,519,372,000
Japan and possessions.....	2,077,827,000
Japan.....	1,937,555,000
Ryukyu Island.....	140,186,000
Miscellaneous Islands.....	86,000
Jordan.....	1,917,000
Korea.....	691,664,000
Lebanon.....	1,653,000
Liberia.....	2,053,000
Libya.....	1,826,000
Nepal.....	215,000
Netherlands Union.....	1,068,208,000
Netherlands.....	968,606,000
Indonesia.....	99,602,000
Norway.....	243,744,000
Philippines.....	745,277,000
Poland.....	387,203,000
Portugal and possessions.....	11,470,000
Portugal.....	11,469,000
Cape Verde Islands.....	1,000
Saudi Arabia.....	7,458,000
Spain.....	1,759,000
Sweden.....	88,128,000
Switzerland.....	1,803,000
Syria.....	88,000
Taiwan.....	10,235,000
Trieste.....	45,886,000
Turkey.....	360,681,000
U. S. S. R. (Russia).....	11,241,611,000
Yugoslavia.....	504,446,000
Trust Territory of the Pacific Islands:	
Caroline Islands.....	815,000
Mariana Islands.....	5,109,000
Marshall Islands.....	447,000
International organizations:	
European Payments Union.....	238,084,000
Intergovernmental Committee on Refugees.....	5,668,000
International Refugee Organization.....	237,116,000
Organization of American States.....	1,518,000
Provisional Intergovernmental Committee for Movement of Migrants from Europe.....	8,950,000
United Nations.....	103,458,000
United Nations International Children's Emergency Fund.....	87,417,000
UNRRA.....	324,725,000
Unspecified areas:	
Europe.....	4,512,136,000
British Zone.....	221,981,000
United States Zone.....	259,614,000
Balkans.....	90,003,000
Other.....	3,940,537,000
Other.....	2,324,598,000

The bill before us today calls for an additional appropriation for foreign-aid spending amounting to \$4,998,732,500.

The Joint Committee Report on Reduction of Nonessential Federal Expenditures reveals that unexpended balances in the foreign-aid spending account, as of March 31, 1953, according to Mutual Security records, amounted to \$11.9 billions, and that of this amount \$4.2 billions was unobligated.

No one would challenge for one moment the motives behind our efforts to assist the nations of the world in their attempts to recover from the devastations of World War II. There is no gainsaying the fact that the aid extended has been very helpful to other countries, but there comes a time when we should call a halt and, in my opinion, that hour has arrived.

Much of the industrial potential of Europe was damaged by the ravages of war, but the index of production in those countries is far ahead of prewar—the average is better than 150 percent of prewar production. Many of them have been able to balance their budgets, and some have actually reduced taxes. It seems unfair that our own country should continue with unbalanced budgets and a high level of taxes in order to help nations all over the world, some of which took no part in World War II and are not likely to assist in any future wars in which we may be compelled to engage.

Earlier in this statement, I included a table showing our grants-in-aid to the various countries of the world. Let us take a look at the following examples:

Brazil.....	\$373,421,000
Chile.....	30,711,000
Ecuador.....	15,746,000
Mexico.....	143,000,000
Peru.....	28,000,000
India.....	628,000,000
China.....	2,969,979,000
Czechoslovakia.....	191,928,000
Algeria.....	16,052,000
Indochina.....	37,208,000
Iceland.....	22,237,000
Iran.....	24,458,000
Ireland.....	18,641,000
Indonesia.....	99,602,000
Sweden.....	88,128,000
Yugoslavia.....	504,446,000

The above grants represent the hard earned dollars of the American people. It seems to me that some of our leaders in Government have been very gullible in their dealings with other nations. We have piled upon our people a tax load about equal to the tax load of the combined nations of the free world, and a Federal debt almost twice as great as all other nations of the free world combined.

The proposal to spend another \$4,998,732,500 in foreign aid, as proposed in this bill, stands between us and balanced budget and a reduction of taxes. Since the record shows that we had, as of March 31, 1953, the amount of \$11.9 billion unexpended in the mutual security account, it seems to me a further appropriation at this time is unjustified, and I shall, in all fairness to the home front, have to vote against the expenditures set up in this bill.

For many years, our Government has indulged in an unsound fiscal policy. During that time, we have piled up a Federal debt of approximately \$270 billion—the greatest debt load any nation has been called upon to bear since the

dawn of history. We have seen the purchasing power of our dollar decline to a little more than 50 percent of its prewar value. Let us take a look at the decline in the purchasing power of the dollar.

Purchasing power of the dollar as measured by consumer prices

August 1939.....	101.4
June 1946.....	75.0
June 1950.....	58.8
January 1951.....	55.1
June 1951.....	54.0
December 1951.....	52.9
June 1952.....	52.7
December 1952.....	52.4

Source: Survey of Current Business, U. S. Department of Commerce.

What has been the impact of this decline in the purchasing power of the dollar upon the lives and the fortunes of the American people?

The value of life-insurance policies, time deposits, E, F, and G savings bonds has just about been cut in half—this loss amounts to 60 times the loss incurred through the closing of the banks in the early thirties. It reaches a total of \$1,901,000,000. The misery caused to old-age pensioners and those who with thrift had saved something for their declining years is sad to relate.

Now, do we propose to go on with this same program and continue with unbalanced budgets? It seems to me the issue is clear. We must come to grips with one vital problem. The issue today is whether the Government of the United States will adopt a policy consistent with its resources and its taxing power.

Our troops today are stationed in 49 separate countries of the world. They may be called upon to defend any one of them. The United States is spending more to defend Europe than all the free countries combined. Western Europe is apparently unworried about the threat of communism and is happy to let the United States pay the bill.

If our Government is to continue to mix in quarrels all over the world, do 90 percent of the fighting, and pay for just about all of the cost—there is little hope for balanced budgets and a reduction in taxes. In the light of the facts here presented, it seems that, in addition to our efforts to make our Nation secure, we must make certain that we keep our economy strong and our currency sound. As I have already stated, the foreign aid spending bill stands today between us and a balanced budget, and a reduction in taxes. Let us think of the homefront for a while and take a vacation from foreign aid grants. We may be surprised how well other nations can get along without us.

I am continually amazed at the fear expressed in this country about a Russian attack on our mainland. The countries of Europe are not alarmed about any danger to them. We have been reading in the papers recently about riots behind the Iron Curtain. There would be plenty of riots should Russia attempt to invade the Western Powers, and Russia would be fully occupied at home. Russia understands these situations, and,

in my opinion, has no intention of starting a war of aggression.

The time has come when we must begin to think of safeguarding our economy in this country in order that we may be strong economically as well as militarily.

I, for one, will not vote for a single dollar of foreign aid spending at this time.

Mr. GORDON. Mr. Chairman, I yield 1 minute to the gentlewoman from Massachusetts [Mrs. ROGERS].

Mrs. ROGERS of Massachusetts. Mr. Chairman, I am deeply interested in this foreign affairs bill, the security bill. Had I not taken the chairmanship of the Committee on Veterans' Affairs in the 80th Congress, by seniority rule I would now be chairman of this committee; instead I took the chairmanship of the Committee on Veterans' Affairs, that great committee which deals with past and future security of the men who have made this country as secure as it has been all these years.

I have, as I told the House yesterday and today I would, set the wheels in motion for the Committee on Veterans' Affairs to hold hearings on the controversial issues recently raised in the appropriations bill for the Veterans' Administration. I have sent letters and talked to the chairmen of the subcommittees on these issues. Much of the debate on that bill centered around legislative provisions which had been written into the bill by the Appropriations Committee.

The members of the Committee on Veterans' Affairs strenuously opposed these legislative provisions on the grounds that it was a usurpation of the jurisdiction of the Committee on Veterans' Affairs.

The gentleman from New York [Mr. KEARNEY] has announced that on July 8th he will hold hearings on the question of the hospitalization of veterans. Other subcommittee chairmen have said they would hold hearings on other subjects. So those who are worried about their actions on the floor today will have a chance to analyze and vote upon what the Committee on Veterans' Affairs proposes.

The letters are as follows:

HOUSE OF REPRESENTATIVES,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, D. C., June 18, 1953.
Hon. WILLIAM L. SPRINGER,
Member of Congress,
House of Representatives,
Washington, D. C.

DEAR COLLEAGUE: As you know, the appropriations bill, H. R. 5690, contains a provision which reduces the payment to schools for making certain reports under Public Law 550 of the 82d Congress from \$1.50 to \$1.

There is no legislation pending before the committee on this subject, but I think it would be well if your subcommittee would immediately schedule hearings on this subject as soon as your hearings planned for the week of June 22 are completed. I hope and I am sure that you will give all interested parties an opportunity to testify so that a proper amount for this report may be determined and appropriate legislation recommended to the Congress.

Sincerely yours,

EDITH NOURSE ROGERS,
Chairman.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, D. C., June 18, 1953.
Hon. WILLIAM H. AYRES,
Member of Congress,
House of Representatives,
Washington, D. C.

DEAR COLLEAGUE: In view of the action of the House in voting to discontinue the so-called 4-percent gratuities on guaranteed housing loans, and in view of the committals made during the debate, I request that your subcommittee give consideration at the earliest practicable date to the Frelinghuysen bill, H. R. 5777, which would, in effect, make permanent the limitation placed in the appropriations bill, H. R. 5690.

It seems to me that we must show the House that we will keep faith by taking prompt action on this matter.

Sincerely yours,

EDITH NOURSE ROGERS,
Chairman.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, D. C., June 18, 1953.
Hon. BERNARD W. (PAT) KEARNEY,
Member of Congress,
House of Representatives,
Washington, D. C.

DEAR COLLEAGUE: As you know, the House, on today, voted to strike from the appropriations bill, H. R. 5690, the legislative provision which would have amended the basic law governing hospitalization of veterans.

There is legislation pending before your subcommittee which would amend this provision and there is also legislation pending on out-patient dental care.

It seems to me that this entire subject should be promptly considered by your subcommittee in order that we may write the sort of legislation which is required. I hope that you will take action to see that all interested parties are given full opportunity to testify and that the proper sort of legislation is recommended to the full committee at an early date.

Sincerely yours,

EDITH NOURSE ROGERS,
Chairman.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Vermont [Mr. PROUTY].

Mr. PROUTY. Mr. Chairman, probably no legislative proposal which has been or will come before this session of the Congress will be given such wholehearted support by President Eisenhower as the bill presently under consideration. As evidence of the importance which the President attaches to the mutual security program let me quote from his message of May 5: "Unequivocally I can state that this amount of money judiciously spent abroad will add much more to our Nation's ultimate security than an even greater amount spent merely to increase the size of our own military forces in being. Were the United States to fail to carry out these purposes, the free world would become disunited at a moment of great peril when peace and war hang precariously in balance. This is the best way to defend successfully ourselves and the cause of freedom."

Few will deny that Mr. Eisenhower's background of knowledge and experience places him in a position to appraise the efficacy of the mutual security program with highest objectivity. As a great soldier, and as one thoroughly conversant with the political and economic problems

of our NATO allies, he is in a better position than most people to judge the merits of the overall program.

The President is an intensely practical-minded man. So are the Secretary of Defense and the Secretary of the Treasury. These gentlemen and others dedicated to maximum economy in Government state without reservation that any substantial deviation from the President's recommendations of funds to be authority for mutual security will be contrary to the national interest. I think the views expressed by these men are worthy of our very serious consideration.

When you start cutting the security or taking a chance with the security of your country, that is an entirely different matter from just cutting off services or something of that kind. But if you cut the security funds of your country to the point where you have jeopardized the safety of America you have done something that is irreparably damaged. No one is more economy minded than I am. I just do not want economy at the expense of security.

I have just quoted from the statement made before the Foreign Affairs Committee by Secretary of the Treasury Humphrey. Certainly none will suggest that Mr. Humphrey is of the starry-eyed visionary type of individual. He is a dyed-in-the-wool conservative and completely realistic in his thinking. He believes that national security must take precedence over all other considerations. Can any reasonable person take issue with that philosophy?

At this point may I say to my colleagues on my side of the aisle that, in my opinion, the voting on this bill will provide the first major test of the degree of unity which exists among Republicans in the House.

Last November the American people gave Mr. Eisenhower an overwhelming vote of confidence. They believed in him then; they believe in him now. If there are many within the majority party in Congress who find it impossible to support the programs of the first Republican President in more than 20 years, particularly in matters involving foreign policy and national defense, I fear that we shall soon experience unfortunate political repercussions.

I have nothing but the highest admiration for anyone who votes according to his convictions. I try to do that myself. But unless Republicans can get pretty solidly behind the President on questions of major importance he cannot give the Nation the leadership so desperately needed in these perilous times—and it will not take the American people very long to recognize that fact. If we fail to respond to the President's leadership, our party will soon become like a rudderless ship, drifting hither and yon, and destined to crack up on the shoals of political impotence.

Before we become too much engaged in a discussion of the specifics in this bill I think we would do well to give some thought to the overall objectives of the mutual-security program.

Unfortunately most of the details concerning the military aspects of the mutual-security program are kept in an area of top secrecy. Then, too, the facets of the program involving political

and economic considerations are so widespread and diverse in character that it is difficult to understand them in all their ramifications. I am sure that there would be relatively little opposition to the program on the whole if this information were more readily available.

When the people of Vermont elected me as their lone Representative in the House I do not think I acquired any prerogative to determine what charities they should contribute to. That is a matter for individual preference and decision.

If I believed, as some do, that we are now discussing a huge give-away measure to be financed by the already overburdened American taxpayers, I would oppose it as vehemently as I could. But I do not believe it falls within that category. For on the basis of information I have received, together with some of the tangible results of the program which I have witnessed in Europe and elsewhere, I am convinced beyond a doubt that it contributes materially to the security of the United States. Whether or not mutual-security program adds to our own national defense must be the sole criterion in our effort to reach a sound decision.

Any evaluation of the mutual-security program must, I think, be made within the concept that the world in which we live is vastly different from the one in which most of us were born, and that the gap separating us from the past is growing wider at an extremely rapid rate.

Modern science has caused time and distance to become relatively unimportant in our thinking; it has also created weapons so frightful in destructive power as to defy the imagination. Formerly distant areas of the world are now closer to each other than were the various political subdivisions in our districts not so long ago. Events which occur beyond our borders have become matters of urgent concern for us.

The mutual-security program is the outgrowth of these rapidly changing world relationships.

It rests on three primary principles:

First. The security of the United States is inseparable from the security of the free world, within which, as the strongest and most highly industrialized member, this Nation is called upon to assume leadership.

Second. The defense of the free world against totalitarian aggression requires not only adequate armed forces and weapons and the capacity to produce material for armed forces but also base economic strength sufficient to support the defense program.

Third. Security for the free world can be achieved only through the cooperation and mutual assistance of its members.

There are those who disagree with such reasoning; who seem to feel that we can withdraw from the rest of the world, develop some sort of protective shield which will negate the attack of any potential enemy and enable us to enjoy peace and plenty. Certainly all of us wish such a dream might become a reality, but I know of no competent military authorities who think this is

possible. On the contrary, they all agree that such a hope is completely unrealistic and the product of the most fallacious of fallacious reasoning.

They insist that the defense of the United States has become a global problem and that we need our allies almost as much as they need us.

Percentagewise the amount we have been spending for mutual security in comparison with our own defense expenditures is small. But this does make available to us manpower resources much greater than our own. It gives us access to many of the strategic materials essential to our defense program as well as to our civilian economy. It provides us with strategic airbases within easy range of Soviet and satellite industrial centers if war should come and, in the case of Western Europe, it makes available the facilities of an industrial complex second only to our own. Let us remember, too, that even if we sometimes feel that our European Allies are not doing as much to help themselves as they could that they will spend during fiscal 1954 the equivalent of \$15 billion for defense purposes, and that in terms of gross national product they are making nearly as great a contribution to the common effort as we are.

Should these advantages be lost to us as the result of an invasion of Western Europe, we would have no alternative other than to retire within our own borders and devote all our energies and efforts to a national defense program which would make the present one seem picayune in comparison.

Badly as some of the foreign-aid programs have been administered in the past, I am convinced that they have kept the free world free. If that is still our objective, if we are to continue to think in terms of our own enlightened self-interest, I do not believe that any substantial reductions in the authorizations provided for in this bill can be justified. It is already \$2.6 billion below the recommendations in the Truman budget, and I think that is as far as we can safely go.

We are faced with problems without parallel in history, and we must adjust ourselves to the needs of the times. We have a rich heritage of liberty. Only those who deserve freedom can retain it. That is our responsibility now. May we be equal to it for the sake of our children and for generations yet unborn.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. PROUTY. I yield to the gentleman from Pennsylvania.

Mr. FULTON. May I compliment the gentleman on a fine statement.

The CHAIRMAN. The time of the gentleman from Vermont has expired.

Mr. GORDON. Mr. Chairman, I yield myself such time as I may require.

Mr. Chairman, as I have done in the past, during my long years of membership in the House Foreign Affairs Committee, I now rise to support fully a foreign-policy measure designed to strengthen the best interests and security of the United States. The fundamental philosophy of H. R. 5710 carries forward the idea that the peace and security of the world involves tremendous

burdens not only for the United States but for all those who cherish free institutions. The United States, because of its position of leadership, must pave the way for other free and independent nations to follow and, in addition, to inspire other nations with our leadership we must help them with the resources which they lack in order that they may be better able to help themselves and help us. That is the cardinal principle of the mutual security program. And I am pleased that this principle has been adopted by the present administration.

In support of the principle of mutual security, it is only proper that we ask the six provisional members of the European defense community to become full-fledged members of that community, which means ratification by their parliaments of the agreements which they have made. The Richards amendment contained in this bill, making available 50 percent of the military-assistance funds to the European defense community, is not a club held over the heads of these six nations. On the contrary, it is a definite legislative encouragement which we hold forth to these nations. We say to them, "You have almost reached the point of uniting. Now, go a step further and unite, and we will join you with financial support and with our leadership in that union."

I endorse wholeheartedly the provision in the bill which expands the present legislation to assist escapees from Communist-dominated or Communist-occupied areas of Asia. We must again reaffirm that the United States has not forgotten the millions of people behind the Iron Curtain who yearn for freedom and liberty. In this connection, let me add that the present situation in East Berlin shows that though the spirit of freedom-loving people behind the Iron Curtain may appear to be smothered, this basic and fundamental desire of people for liberty inevitably will rise up.

I support the technical assistance and the special economic-aid programs contained in this bill for the Near East and Africa, for Latin America, and for Asia. We must demonstrate to the peoples of the world that security means more than military defense but also means higher living, economic and social standards in the underdeveloped areas of the world.

I believe this bill comprises all the elements which combine to make up great leadership. I feel that I am privileged to support it.

Mr. VORYS. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. RADWAN].

Mr. RADWAN. Mr. Chairman, the basic question presented in the legislation before us is one which is clear cut. Are we going to support the foreign policy of President Eisenhower? Are we going to make our decision by adopting selfish self-interest or enlightened self-interest? I rise to support President Eisenhower's foreign policy.

In support of the program before the House, the President made the following statement:

I present this whole program to you with confidence and conviction. It has been carefully developed by the responsible mem-

bers of this administration in order to achieve, at least possible cost, the maximum results in terms of our security and the security of our friends and allies. In my judgment it represents a careful determination of our essential needs in pursuing the policy of collective security in a world not yet freed of the threat of totalitarian conquest.

Unequivocally I can state that this amount of money judiciously spent abroad will add much more to our Nation's ultimate security in the world than would an even greater amount spent merely to increase the size of our own military forces in being.

Were the United States to fail to carry out these purposes, the free world could become disunited at a moment of great peril when peace and war hang precariously in balance.

This is the way best to defend successfully ourselves and the cause of freedom.

I might mention to the House that this week is known as Theodore Roosevelt Week. It will not hurt us now to look to his advice as we consider this very important legislation. Theodore Roosevelt said:

True patriotism carries with it not hostility to other nations but a quickened sense of responsible good will toward other nations, a good will of acts and not merely of words. I stand for a nationalism of duty, to one's self and to others; and, therefore, for a nationalism which is a means to internationalism.

The foreign policy of this great country of ours, like the foreign policy of any nation, must have, as a first consideration and concern, the best interests and security of that nation. Anything less is bad policy. This program reported by our committee and endorsed by the administration has for its prime concern the security of the United States of America. It is a dollar investment in such security. It is paying less today rather than a lot more too late tomorrow.

Like other members of the committee and a great many American people, I recognize the criticism that has been made against foreign aid. Many people will say that the strain of the present defense program, including foreign aid, on the economy of the United States is a cause for concern. We have taken full cognizance of that problem. Undoubtedly the public debt is nearing the authorized limit, and the people are growing restive under the burden of taxation. It is mandatory that we economize. But it would be false economy if this program were defeated at the cost of real security of the United States.

There has been some criticism to the effect that there are people in allied countries of the free world whose zeal for defense has cooled somewhat. Nevertheless, our aid programs must be different from what they would be if all countries were equally able and determined to put themselves in readiness as quickly as possible to meet any Soviet attack regardless of the sacrifices involved. In relation to their capacity, the efforts of these countries reflect substantial sacrifices.

There are other criticisms which I could consider but I will not go into them at this time. Despite these factors, this is a program that must go forward. It is not just the addition to our strength which we would gain if it is possible to

unite and organize effectively the manpower and the production facilities of the nations not yet under Soviet domination. There is also the added danger to us—yes, to our great country, if the same resources are permitted to fall under Soviet control. We must continue our insurance policy on our security. The money that we are going to authorize by the passage of this legislation is the premium on that insurance policy.

When the American people gave President Eisenhower his toughest job, they had uppermost in their minds the security of these United States. I am convinced that this program is in the interests of the security of the United States. We must not give up. We must try to mobilize the free nations against Communist aggression. Now is no time to drop our guard, rather we must keep our guard up and increase it in every way we can.

Mr. VORYS. Mr. Chairman, I yield 15 minutes to the gentleman from Michigan [Mr. BENTLEY].

Mr. BENTLEY. Mr. Chairman, at the very outset of my remarks I would like to make it crystal clear that I am in no sense opposed to the program of foreign aid, as such. With my colleagues, I endorse the objectives of mutual assistance which, in simplest terms, are to preserve and promote the security interests of the United States. However, I have spent several years of my life living abroad in the service of our Government and have formed my own conclusions as to what our foreign military and economic assistance can do and what it cannot do. It is with these conclusions, or rather convictions, firmly in mind that I, as a freshman Member of this Congress and of the Foreign Affairs Committee, stand here to speak to you today.

First, however, I would like to say how pleased and privileged I have been to participate in the hearings on this legislation. I wish especially to thank our chairman, the gentleman from Illinois, for his unfailing courtesy and kindness to all committee members. The ranking majority and minority members, the gentlemen from Ohio and South Carolina, have always been helpful and patient with me, as have all my other colleagues on the committee. It is with a very deep sense of gratitude that I acknowledge their assistance to me, the only first-term to serve on this present committee.

I have always accepted the principle of foreign aid with two important conditions: First, that we do not give assistance which is beyond the limit of our own capabilities and resources, and, second, that we do no more for any people or group of peoples than they are willing and able to do for themselves. I do not believe that the Mutual Security Act of 1953 fully meets these two conditions, and therefore I feel compelled to oppose its passage.

As authorized by the Foreign Affairs Committee, this legislation contains a total amount of \$4,998,732,500 which is broken down into 6 general types of assistance. These are briefly: Military assistance, mutual-defense financing,

mutual special weapons planning, technical assistance, special regional economic assistance, and contributions to multilateral organizations. Without taking the time of the committee to mention these breakdowns by individual amounts, I would say that those of us who signed the minority report believe these figures to be, almost without exception, excessive for the purposes for which they are stated. When the 5-minute rule comes up, we propose to offer amendments to reduce the authorization ceilings on many of them.

Frankly, Mr. Chairman, this bill which is offered to us today provides something for just about every one of our foreign friends and allies. But there is one group left out—a very important group to all of us, a group, in fact, which is directly responsible for all of us sitting here today. I refer to the American taxpayer who is certainly the forgotten man so far as this legislation is concerned. We are giving airplanes to England, we are giving artillery to France, we are giving technical aid to the countries of the Near East and Africa, we are giving special assistance to India and Pakistan, and so on. But all we are giving Joe and Mary back home is an extra \$5 billion worth of tax bills which they will have to meet somehow.

Let us take the very first amount contained in this bill, the figure of \$2 billion plus which is available for military assistance for Europe. I am sure that there is no one who would refuse to authorize this money provided that those countries receiving it were contributing as fully to their own defense as we are being asked to contribute to it. I would like to call the committee's attention to a set of figures which appeared in last week's issue of *Newsweek* magazine in the column written by Mr. Henry Hazlitt. This article, which I inserted in the Appendix of the *RECORD* last Monday, sets forth, in the case of 10 European nations, the percentage of their total central government expenditures which is allocated for defense. Mr. Hazlitt's figures, which are substantiated by the table on page 48 of the published committee hearings, and which are reproduced in our minority report, show that the United States is spending some 70 percent of its total budget on defense while these 10 European countries receiving aid are averaging only 30 percent of their budgets on defense. In total amounts the United States is spending more than 4 times as much as those 10 countries combined.

Now, many persons might be inclined to take the so-called Community Chest viewpoint, that is, that those persons or countries who are rich and wealthy should contribute to help those who are not. This is a wonderful and humanitarian concept. I am not certain whether you could apply it to the idea of foreign aid and sell it to the people of your districts or not. I know I would have difficulty in mine. But, on closer examination, there are a few fallacies if you try to apply such a parallel.

In the first place, when we give to those who are less fortunate than ourselves, we usually expect a certain amount of thanks, gratitude, coopera-

tion, call it what you will. I do not believe we have acquired a vast number of friends throughout the world through these foreign assistance programs, and I am not sure that we ever will. Debtors are not often enamored of their creditors and, whether it be a loan or a grant, friendship is not often given in exchange. I think one of the great things which we Americans have to learn in the field of foreign affairs is that friendship is not purchasable. The friendship may have been there from the beginning, but it is not acquired as a result of several million dollars exchanging hands. We do not win allies through conducting diplomacy with the pocketbooks of the American taxpayers.

I call to mind a few of the governments which have been and still are recipients or beneficiaries of our foreign aid program. Take the British Government. Basically the British people and the American people have been friends for over a hundred years. But there are few of us here today who would care to defend the policy of the British Government in the Far East, and with particular reference to Korea. You know, like trade, aid is a two-way street.

Our contributions under this legislation to France and Italy, for example, must assume a certain amount of confidence in these governments. To judge from the events of the last few weeks, however, I could not say that the French people and the Italian people have the same confidence in their own governments. I wonder whether it is prudent for us to continue such large-scale assistance to governments who cannot even rely upon the support of their own peoples.

Now, I would like to call the Committee's attention to the item on page 6 of the bill of \$94,400,000 for special economic assistance to India and Pakistan. There are some people who feel that we are committed to the support of the Indian Government's 5-year plan, a program of economic rehabilitation and development. I am not certain whether such a commitment was made, if made, and whether or not it was with the approval of the Congress. But it certainly could be no more binding, if it was made, that the commitment of that same Indian Government, as a member of the United Nations, to support us when North Korea and later Communist China were officially declared aggressors by the U. N. I believe that anyone who is familiar with the history of the past 3 years could hardly say that the Indian Government has cooperated to the extent which we had every right to expect of them. Since the fighting broke out in Korea, the Indian Government has sent one ambulance unit. And yet today they stand ready to send a thousand soldiers there for the purpose of guarding the anti-Communist Chinese and North Korean POW's who refuse to go back behind the Iron Curtain.

In the past, we have come to the assistance of the Indian Government in typically generous fashion. We were partially repaid for this assistance last February when the head of the Indian Government stood up in his Parliament

and inferred that the peace of the world was endangered because of President Eisenhower's occupancy of the White House. If we tried to acquire friendship from the Indian Government in exchange for our wheat, I am afraid that this attempt sadly miscarried.

Now, during the hearings, the committee received testimony as to the terrible conditions in underdeveloped areas throughout the world, conditions of suffering, misery, and general hardship, conditions which urgently required the continuation of our program of technical and economic assistance. I am definitely in favor of continuing such a program, with the emphasis of the "technical" rather than on the "assistance" and always provided that we do not pour more money into the program that can reasonably and efficiently be expended in pursuit of its objectives. But, Mr. Chairman, let us at the same time remember the suffering and misery and hardship that still exists in our own country, some of it within sight of this building in which we are sitting today.

Another important point for the committee to consider, I believe, is the long-range future of this entire foreign-assistance program. I noticed in the press that, in his appearance on Tuesday before the Rules Committee, the gentleman from Ohio spoke in terms of another 10 years. I am not going to stand here and try to set arbitrarily a deadline after which I believe mutual assistance should terminate. But I do ask that some thought be given as to the length of time this kind of program can should be continued. I think it is high time for a reappraisal of our entire foreign policy and, if the Congress is to continue its constitutional control of our Government purse strings, I think it is only right and proper that this foreign policy and the expenditures relevant to it should be reappraised and reexamined by the Congress itself.

[From the Washington Post of June 18, 1953]

TODAY AND TOMORROW
(By Walter Lippmann)
THE MOLD IS BROKEN

The Bermuda meeting, we must now realize, will have to examine a much greater problem than the well-known and over-advertised and artificially inflated differences among the western allies. For the real trouble is not that we have some disagreements in the Far East. It is that for the European situation, which is now rapidly developing, we have severally and jointly no policy at all.

The world has outgrown the European policy which we worked out in the crisis which became acute in 1947. Our European policy is no longer related to the movement of events and it is radically out of touch with the opinions and sentiments of the European peoples. Forced upon us by the bitter cruelties of the Stalinist empire, the policy was an improvisation for an emergency. It was designed to contain the expansion of a barbarous conquest which already had half of Europe in its grip. In no serious and practical sense has the policy ever contemplated either the liberation of Eastern Europe or the recession of the Stalinist empire.

The policy is indeed founded upon the working assumption that the partition of Germany and of Europe will continue indefinitely. The military and political institutions set up to defend the western part of

Europe, and to make this fragmentary Europe workable and livable have required a high state of tension. Without a fear of Soviet aggression great enough to override all other feelings, the peoples would not have made the sacrifices of their personal convenience, their class and national interests, that the policy has called for.

For more than a year it has been increasingly plain that the situation was changing and that the policy, which had been necessary for the emergency, could become a dangerous liability if for any reason the emergency passed.

Even before Stalin's death a main support of the policy grew feeble and virtually disappeared. That was the belief that the Soviet was intending and planning the military conquest of Europe. The disappearance of this belief which has been sanctioned by men like Churchill himself, has been the operative cause of the rejection in Europe of our principal projects, such as the Lisbon program for NATO, the hurried rearmament of Germany, the European Defense Community. All have withered on the vine because the sap which nourished them, the fear of military conquest, had ceased to run.

The rejection of the projects, with which we have so unwisely identified ourselves so much too zealously, has brought with it serious political trouble for the men and the parties who have supported our policies. The first to go down was Schuman in France. In Italy the Center coalition under de Gasperi has grown much weaker since 1948—as one Italian put it, because the people were now voting as they felt and no longer as they feared. The position of Dr. Adenauer in Germany is highly vulnerable to any serious action by the Soviet Union to bring about the unification of Germany.

Now against the imminent breakdown of the existing West European diplomatic structure, there exists—so far as I can discover—no replacement, no substitute, no second line of diplomatic defense. In Washington, in Paris, even I believe in London, except as Churchill is playing by ear, in Rome, and in Bonn, there is apparently no policy, no planning, not even some leading idea, on what to do in case the Soviets have decided to bring about the unification of Germany and the enormous consequences which would follow, such as the evacuation of Austria and some lifting of the Iron Curtain to restore contact with Eastern Europe.

There are plenty of obvious explanations for this failure to look forward and to get ready for new eventualities. There are very strong vested interests which have grown up around the American subsidies and expenditures in Western Europe; they do not gladly contemplate any important change. There are vested interests of an idealistic character; having made some progress toward federation in the western part of the Continent, the men behind these projects do not relish the notion of rethinking their plans in order to make a place in Europe for a united Germany, much less for countries east of Germany.

There is an allied bureaucracy built up for the emergency which prefers the accepted stereotypes to the pains and uncertainties of a new policy for a new situation. And then, of course, last but by no means least, there is the shell-shock of our diplomats abroad, who are stunned by the terror and humiliation to which they are subjected. Intimidated men do not think well. Men beaten down do not look to the horizon. Intimidated men do not even see well what is immediately before them.

Yet it is imperative that the Western Allies who are going to Bermuda should form a policy which is founded, not on the partition of Europe but on the ending of the partition of Europe. The mold of our present European policy is broken. No amount of exhortation or threats of the ending of subsidies can repair and restore it. The popular

tides in Western Europe and the actions in Eastern Europe coming from the new regime in Moscow, are releasing new forces all over Europe. They cannot be led by the existing formulae, they cannot be regulated by the existing rules and plans. They will get entirely out of hand—as against any constructive influence we can hope to exert—if in place of the contracted and dismembered Europe we now support we are unable to propose a true all-European system.

A great deal is said here about how we favor the unification and the integration of Europe. But in fact what we have been talking about is the small part left to the West out of the Europe that the Stalinist empire had partitioned.

A great deal has also been said—most of it quite confusing—about the great and imperative idea of the liberation of Eastern Europe.

Now the time has come when the opportunity may be presented to us to promote by agreement the substantial liberation of Eastern Europe within an all-European system. It is an opportunity which, were it missed, might never be presented to us again. For the Europeans will find some other way to end the monstrosity of their partition. That way may not be with us and it could all too easily be against us.

In the reappraisal and the reexamination, which I might describe as drawing a long breath and taking another look round, even a complete moratorium on all new authorizations for foreign aid expenditures would not be disastrous to this program. As of April 30, 1953, there remained a total unobligated balance of \$3.2 billion and an unexpended balance of \$11.4 billion—see June 30 figures. If the fiscal 1953 authorizations were merely carried over with no new increases, it would seem that the program could continue at present rates for several months yet. But I am not suggesting such a moratorium. What I personally am advocating is a continuation of the present program with authorizations of nearly \$900 million below those contained in the present legislation.

This suggested cut of about \$900 million was not made in a meat-ax manner. When we come under the 5-minute rule, I am prepared, insofar as security classification will permit, to go through this bill item by item, and, as the various amendments are offered, to explain the amount of the cut, and the reasons behind it. For example, I have examined the entire program of technical and economic assistance on a country-by-country basis and would like, at the appropriate time, to say something of the nature of the individual programs, where they are unclassified or declassified. I understand that the gentleman from Wisconsin, the gentlewoman from Illinois, and the gentleman from Indiana, with whom I was privileged to sign the minority report, are planning to do likewise.

Finally, Mr. Chairman, I would like to say this. No one is more concerned with the national security of this country than I am, no one is a more genuine advocate of true mutual security than I am. No one more sincerely wishes to support President Eisenhower in his efforts to bring stability and safety to this country and peace to the world than I do. But, during my campaign last year, I made a promise to the voters of my district that, if elected, I would try to reduce this

whole program of foreign aid to some manageable proportions. Several weeks ago, I announced my present intentions in a newsletter to my constituents and I have received nothing but commendation and encouragement from them. If a man ever had a mandate from the folks back home to take a particular course of action, I feel that I have one today. That is why I ask you to support our attempts to reduce these authorizations to a point consistent with what we sincerely and honestly believe is the ability of our economy and our taxpaying public to support them. In the overall matter of military and economic assistance, we are not misers, but we are tired of being spendthrifts. And we think it only right and proper to demand that, for every dollar spent abroad in this fashion, a dollar's worth of value be received in return.

I would like to pay tribute to the three members who signed the minority report with me and to their unquestioned integrity and sincerity by keeping to their own honest convictions in the face of rather substantial opposition. I would like to thank the gentlemen from Ohio for permitting us the time to express these convictions of ours here in the Committee of the Whole. And I would like to thank my colleagues of the House for having the courtesy and the patience to listen to me here today.

Mr. CURTIS of Nebraska. Mr. Chairman, will the gentleman yield at that point?

Mr. BENTLEY. I yield to the gentleman.

Mr. CURTIS of Nebraska. How much did we have unobligated on January 20?

Mr. BENTLEY. I am sorry, I do not have those figures. Can anyone on the committee supply them?

Mr. CURTIS of Nebraska. If the gentleman does not have them for January 20, does he have them for January 31?

Mr. BENTLEY. I should like to point this out, if I may. That is, between April 30, when we had \$3.2 billion, and the end of this month, when we are estimated to have only \$400 million left, that means that we have obligated money at an approximate rate of \$1.5 billion a month. And if you go back to January 20, at that rate you would have unobligated approximately, I suppose, \$8 billion.

Mr. CURTIS of Nebraska. I would like to ask the gentleman, also, What is his understanding of the meaning of the term "obligated"?

Mr. BENTLEY. That is a definition which I am not sure anyone on the committee can give. But, as I understand, an obligation is when money has been definitely contracted or programmed. I may say that I understand further that "obligation" has a different meaning, whether it is military, TCA, or MSA, or what it is.

Mr. CURTIS of Nebraska. What is the difference between obligation and earmarking?

Mr. BENTLEY. I will have to yield to the committee on that question.

Mr. VORYS. I think the gentleman will agree with me that "obligated" has been a mysterious and wonderful word

in the parlance of our budgetary processes on the Hill for some time. We hope that in the Defense Department they have cleared it up.

Mr. CURTIS of Nebraska. What is the answer to my question?

Mr. BENTLEY. The answer to the question has not been given, so far as I am concerned.

Mr. CURTIS of Nebraska. Is an obligation synonymous with a contract?

Mr. BENTLEY. I yield to the gentleman from Ohio [Mr. VORYS] to answer that. He is handling the bill on the floor. I am opposed to the bill.

Mr. VORYS. We can point out to you the new Comptroller's rules, which are available and rather elaborate, that the term "obligation" actually refers to a contract with a third party rather than a bookkeeping transaction within the Defense Department.

Mr. CURTIS of Nebraska. It is not a political commitment, then, but an actual contract?

Mr. BENTLEY. It is a contract.

Mr. GORDON. Mr. Chairman, I yield 5 minutes to the gentleman from North Carolina [Mr. DURHAM].

Mr. DURHAM. Mr. Chairman, we heard today a very interesting discussion again on this measure, which has been before the House on several former occasions. I have been one of those who have supported a bipartisan foreign policy and I expect to continue to support it. But I think everyone has a reason for his support of this measure. If he does not, of course, he should vote against it.

My reason for voting for this is the fact that I believe and have faith in a principle that I think is inherent in the American people—a belief in freedom. The gentlewoman from Ohio [Mrs. FRANCES P. BOLTON] expressed it well when she said:

Primarily, we sponsor and support this program because we have faith in God.

But through the years in this land of ours which we love, and especially here in the East, we go back even before 1775; we believed in the principles of freedom before we fought the Revolutionary War and we sacrificed dearly for it. We sacrificed in 1775. We made further sacrifices in 1812; we made sacrifices in 1865, again in 1917 and 1918, again in the 1940's, and still today we are a free country, we still have the same Government that we loved in those days.

Now as to the amounts specifically that should be carried in this measure, I am no expert. The members of this committee for whom I have the highest respect, the gentleman from Ohio [Mr. VORYS], and the gentleman from South Carolina [Mr. RICHARDS], have given to this House what they feel is a fair program. I think we can criticize it at many points. Some of it, I have not always agreed to, but the overwhelming fact is that you must, if you believe in the principle of freedom, try to do something to stem this communistic ideology that has swept across Europe. I do not see how in the world people can stand here in this Chamber and criticize this program and not propose something better.

I know they are convinced; they are honest, and I have respect for their opinion, but even Mr. Walter Lippmann, of whom the speaker before me referred to, has not offered any alternative, as far as I know, a better program than the one that has been initiated here and has been carried out by the Democrats and now is being sponsored by our great President, whom we all respect. If someone has something better, it is incumbent upon him to come out here and tell this body what they have. Do not nullify this program if you do not have something better to offer. If you believe there is no danger, all right, but you cannot today sit and listen to those people who have knowledge of conditions—and I think I have listened to just about as many secret meetings of what goes on in Europe as anyone on the floor of this House over the past 15 years or more. General Ridgway has been spoken of here today, and he has appeared before this committee; he has appeared before both the Atomic Energy Committee and the Armed Services Committee. When one looks at the picture today from the Black Sea to the Baltic, at the forces that face the countries to whom we are trying to give some support, moral support as well as military support, how in the world you can sit here and say there is not some danger, how you can say there is not imminent danger, I cannot understand. I cannot reach that conclusion, Mr. Chairman. The gentleman from Minnesota [Mr. JUD] has expressed it far more brilliantly than I can.

There today sit 175 to 200 divisions that are fully equipped, mobilized, and ready to move at any hour—and do not forget our people know where they sit. Back of that are probably 200 reserve divisions far better than anything we have trained in our Reserve forces; back of that is a tremendous air force, one that is expanding really faster than even ours. In front of that sit the satellite countries who probably can produce 200 divisions. There we are, from Norway to the low countries, the Netherlands, our 6 divisions, sitting there in the heart of Europe, France, on down the line to Italy, Greece, and Turkey, strewn out around a section that cannot be mobilized quickly even under the best conditions. Whether or not this program fits into the military situation is one's own opinion. I believe it is an important part, and I feel like we simply must give to these people moral as well as military help. I think the amendment placed in the bill by the gentleman from South Carolina is sound, and I can support this measure with a good deal more comfort and pleasure. But to stand up here and take the position that we simply cannot afford to do this is a risk.

People around the world today are looking to us. They know that we are strong. We are still strong. Certainly, we have sacrificed, certainly the American taxpayer has sacrificed, but the American taxpayer will always sacrifice for his freedom. I represent a district that pays probably as much tax as any district in the entire United States. I have had very few objections to this program from my section of the country.

People have told me time and time again that they are willing to support this program, they are willing to support the military program. They feel it is much safer and much better to fight this menace on the European Continent than it is to fight it at our front door.

If you want to come back into this country and build up a citadel of strength, which has been advocated by some, that is one thing, and we have heard people say that we cannot win this by armed strength. We heard it said on the floor of this House today that you cannot win this by military strength alone. What is the alternative?

I do hope and pray that we will never have to make the sacrifices which we have heretofore made, but under present world conditions I feel we should give aid and try to build moral strength as well as military strength, for both are necessary. We must have all the friends we can build in Europe and Asia if we expect to win this fight, and this is one that we must win, and I believe we can with a determined effort.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all Members may have permission to extend their remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. SHEEHAN. Mr. Chairman, in our consideration of H. R. 5710, a bill to amend the Mutual Security Act of 1951, I believe we must take into consideration the results of our program to date and the prospects that the continuation of the Mutual Security Act will hold out for the hopes and aspirations of the American people. It must be borne in mind that as of April 1, 1953, the Joint Committee on Nonessential Expenditures reported that the Mutual Security Agency had \$11.9 billions in unspent funds and \$4.2 billions in unobligated funds. Chairman BYRD, Democrat of Virginia, said this means that the Mutual Security Agency would have to make new obligations during the final 3 months of the fiscal year at almost double the rate of the first 9 months to finish the year with only \$10.3 billion in unspent but obligated funds as forecast by former President Truman. As of today, it is estimated that somewhere between \$10 billion and \$11 billion remain in this fund as being unspent. In other words, to me it seems that the amount of money in this bill—\$4,998 million—which we would vote on would be money which cannot be spent until sometime during 1954 or 1955. We could, therefore, very well wait until later to determine what the conditions or circumstances are at that particular time and then decide whether or not the Mutual Security Act should be continued.

The Mutual Security Act, which was born in 1948, certainly cannot be really classified as being "mutual" or offering us "security." The Korean police action where we are furnishing the majority of the manpower and the bulk of the equipment is not a mutual undertaking on the part of the people to whom

we have been liberally donating money during the past years. When we consider what is happening all over the world today, we certainly cannot rely on the term "security" as a guaranty from our allies that they will help us.

Probably Secretary of State Dulles most appropriately stated the entire approach to the problem in his opening statement before the Senate and House committees when he said:

Our mutual security planning must be and is long-range planning * * * we must think in terms of policies and programs that we can afford to live with for what may be a very long time.

Certainly on a long-range planning basis, we do not have to think about immediate funds when we are apparently in no position to spend money that is already appropriated. Mr. Dulles also hit a very vital problem in his thought "That we can afford to live with," because on the basis of effort put forth by America as compared with the effort put forth by her allies, we must think of our own economic well-being. The following table showing the fiscal years armament expenditures of 10 of our aid beneficiaries stated as a percentage of, first, their total central governmental expenditures; and second, their gross national product indicates the record of these European countries compared with our own:

Defense expenditures

Percent of total central government expenditures

Belgium-Luxembourg.....	23.6
Denmark.....	24.2
France.....	37.6
Greece.....	39.0
Italy.....	26.4
Netherlands.....	23.3
Norway.....	26.5
Portugal.....	35.5
Turkey.....	40.8
United Kingdom.....	37.2
United States.....	71.3

Percent of gross national products

Belgium-Luxembourg.....	6.3
Denmark.....	3.5
France.....	11.2
Greece.....	8.5
Italy.....	5.8
Netherlands.....	6.2
Norway.....	5.0
Portugal.....	5.0
Turkey.....	6.5
United Kingdom.....	12.0
United States.....	15.0

You will note from the above table that the United States contribution is double and nearly triple every other nation in percentage of total central government expenditures for defense and also in the percent of gross national product devoted to the defense effort. Certainly no one can accuse us of shirking our part but the time has certainly arrived for a reassessment of the efforts of our friends to help secure their own defense and freedom.

I wish to bring to the attention of the House the results of a recent public-opinion survey of the people of the 11th Illinois Congressional District. When the question was asked: "Are you in favor of further arms and military aid

to foreign nations?" 55.3 percent of the replies were in the negative. On the question: "Do you favor continued economic aid"—point 4 program—"to foreign nations for the development of backward nations?" 56.7 percent voted against further economic aid.

It would seem to me that from the standpoint of the wishes of my constituents, from the standpoint of the economic welfare of our own country, and from the standpoint of needing more time to measure the overall facts of the mutual security program, I am not in favor of H. R. 5710 and will vote against its passage.

Mr. VORYS. Mr. Chairman, the President is making public today the announcement of \$50 million of economic aid for West Berlin. I do not know how you feel about it but the way these West Berliners have stood up I feel like applauding.

Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. WAINWRIGHT].

Mr. WAINWRIGHT. Mr. Chairman, I understand that my remarks are to be the last this evening. I would like to thank the gentleman from Illinois [Mr. CHIPERFIELD] and the gentleman from Ohio [Mr. VORYS] for allowing me to end this historic debate. I am sure that those who have stood by patiently will be delighted to hear this. I will try not to consume the full 5 minutes. I am honored to be ending this historic debate.

Mr. WILLIAMS of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. WAINWRIGHT. I yield to the gentleman from Mississippi.

Mr. WILLIAMS of Mississippi. Would the gentleman like to have a quorum to hear it?

Mr. WAINWRIGHT. No, thank you; unless the gentleman from Mississippi so desires.

This is the second time that I have had the privilege of speaking before the Congress of the United States. The first time I vowed, and I make the same avowal now that I would never speak in the well of the House unless I felt very deeply about the subject involved. On the first occasion I sought funds for Fire Island, a very worthy project in the First District of New York. This was defeated, for which I was sorry. I would feel fifty time, yes, a hundred times as sorry if the authorization that is sought by the President of the United States and the Committee on Foreign Affairs is cut. In my opinion, the life blood of the United States would be endangered if this should happen.

Earlier today the gentleman from Mississippi presented his ideas. While I disagree entirely with his viewpoint, I think it is a wonderful thing that in this country of ours, and in our Congress we present opposing views and that we respect them with tolerance and understanding.

Now, I would like to repeat the question which my distinguished friend from Minnesota, Dr. Judd, posed earlier today: What is the alternative? Where do we go if we abandon our friends abroad? Do we return to the foreign-policy phi-

losophy of the early 1920's, do we abandon the countries to whom we have been giving aid and allow them to fall into Russian hands? That would happen if we drastically curtail our foreign-aid program. If we do this the security of our Nation would be in grave danger.

Our foreign-aid program can be compared with a hospital that has everything on it but the roof. Would it not be wise, then, to finish the job, or could we leave the hospital with the roof off?

In closing, I would like to call the attention of this great body to six major points of the administration's program. These six points epitomize why the Eisenhower administration is convinced that this bill should be passed.

These points, I might say, are taken from the testimony of the Secretary of State before the Committee on Foreign Affairs on May 5. They are implemented by certain remarks made by the Secretary of State yesterday to certain Members of Congress.

His first point was that this program is not charity but that it is based upon solid considerations of self-interest. It most definitely is not, as has been suggested, a giveaway, throwaway program. It is not intentional bribery.

The administration's second point was that the United States cannot go it alone. It is impossible for the United States to return to an isolationist viewpoint. We must continue to rely heavily upon our friends throughout the world. Our own security is involved.

For the third point I quote directly from Mr. Dulles' testimony on May 6:

If Soviet communism is permitted to gobble up other parts of the world one by one, the day will come when the Soviet world will be so powerful that no corner of the world will be safe, including our corner.

His fourth point was that American Foreign Policy requires a long-range planning program.

We cannot afford a hit-or-miss, blow-hot blow-cold program. We must pace ourselves. We must plan for the years ahead. We cannot go from emergency to emergency, reacting each time they arise. Our planning must be done on a long-range basis. We must plan programs that are to be lived with for a very long time.

Mr. Dulles' fifth point was that American security would be imperiled if Europe goes under. While our allies are free and strong they can contribute to the defense of the free world. This includes the United States.

The Secretary informed us that he was speaking for the President of the United States as well as himself when he made this vigorous presentation.

In my humble opinion, I am confident that the majority of the Members here, Republicans or Democrats, will accept this view. The President of the United States is far more qualified to judge this program we are considering than any Member of the Congress of the United States, or any living American.

At the same time let me remark that the Secretary of State is probably one of the 2 or 3 best qualified American

diplomats of our day and time. His experience as a well-known diplomat began before I was born.

The Secretary of State's sixth point and final is probably the most important of all. I am delighted to be closing this historic debate with his May 6 quotation:

It is the judgment of the President and his Cabinet and of the National Security Council, after the most intensive investigation, on the one hand, that the program here presented us is within the capabilities of the United States and consistent with moving as rapidly as possible toward a balanced budget and, on the other hand, that anything appreciably less would be dangerous to our peace and security.

Mrs. KELLY of New York. Mr. Chairman, I find it necessary to preface my discussion on this bill with a few remarks. It is disappointing to us and to say the least, discouraging to find ourselves again discussing the mutual security program for 1954 without the actual existence of a European army.

By this time we had hoped for at least the ratification of this treaty by the respective parliaments involved. We have been informed by Secretary Dulles that there is hope for this to become an actuality in the fall. The delay is regrettable. This ratification was to have been the means of incorporating German units in a European defense army rather than having independent national armies. This objective is not only of military but also of economic importance. European unity is a necessity. Great progress toward this has been achieved by the separate action of France and Germany in the establishment of the coal and steel community through the Schuman plan. Thus, the first step in European integration is in operation. During the previous administration, great progress was made under the leadership of the United States, in unifying our allies—the nations of the free world. The United States developed a foreign policy of international cooperation. It was based on self-help and mutual cooperation through the United Nations, the Economic Cooperation Administration, the Mutual Defense Pact, the North Atlantic Treaty Organization, and finally, the mutual security program. The foreign policy which we are pursuing today is a continuation of this positive, constructive policy established under the previous Democratic administration. This is noteworthy. It proves that this policy was based on a firm foundation.

In his opening statement in support of the mutual security program Secretary Dulles said, speaking to a joint committee hearing:

The mutual program will produce more real security for the people of the United States than we could get by spending the same amount of money on a purely national program. I want to make clear at the beginning that this program has nothing to do with pure charity. It is based upon solid considerations of self-interest. It is, in fact, an inescapable part of our own national-security program.

On May 6, when asked by Hon. JAMES P. RICHARDS whether he considered the mutual security authorization to be just as important to the defense of the

United States as any equivalent amount in our own defense appropriation bill, Secretary Dulles said:

Yes, sir. I would even go further than that and say that by and large, cuts in this bill would require in the very near future the expending of more money in terms of our purely national defense than could be cut out of the bill. In other words, I believe that cutting this bill will not, in the long run, involve a saving, but will involve additional cost. I believe that the defense value that the United States gets, for example, out of divisions of other countries, which cost far less to maintain than do United States divisions, which are already located perhaps in a more strategic position to deter aggression than would our forces if they were kept here at home, that to round that out with some additional end items and military equipment from the United States, is the cheapest way in which we can get defense. If we do not do it that way, we will have to do it in a more expensive way. That is, broadly speaking, my view.

Secretary Dulles had also said in his opening statement:

Our country is confronted by a very grave threat. There is not yet any evidence that this threat has diminished, or will diminish within the foreseeable future. * * * Our mutual security planning must be, and is, long-range. We cannot afford to exhaust ourselves by spasmodic programs designed to meet ever-recurring emergencies. We cannot operate on a day-to-day, hand-to-mouth basis. Instead, we must think in terms of policies and programs that we can afford to live with for what may be a long period of years.

Statement of Director for Mutual Security Stassen:

I feel we are at one of these crucial points in the history of this country and the free nations, and in which the prospects of peace are in balance. I think that the vital thing is whether or not this country and this Congress are backing the President and the Secretary of State as they endeavor to move in these very complex, delicate, difficult, world problems. This program, with all of its interlocked defense, military, and economic aspects that affect these governments all around the world, is one essential element in the whole picture. You are in a situation where these governments, which have been moving on the basis of certain policies, are being turned in new directions. The President has made it clear, after careful study, that he wants to cut the program down to this level of \$5.8 billion. In addition, we have found, within the 1950-53 programs that we can make further savings of \$404 million, even though we have already met * * * certain other needs out of these savings. Thus, you can see that we are not just carelessly issuing funds, and under those circumstances I think it is just tremendously vital to the future prospects of peace and to economic success within America that the President be backed in the program.

Statement of the Secretary of Defense:

Late yesterday afternoon I returned from 3 weeks in Europe. The review of the military situation in the NATO meeting in Paris, the informal discussions which I had with Defense Ministers and military leaders of other nations, and my conversations with our own United States commanders, and inspection of the installations on which United States forces are presently deployed have all led me to the following conclusions:

(a) We have come quite a long way toward the goal of attaining security for the North Atlantic Community;

(b) We still have a long way to go, measured in terms of military, economic, and political strength;

(c) To date no justification has yet appeared to warrant any belief that the danger has disappeared or even appreciably lessened;

(d) We have now reached a posture of defense in NATO where we can determine the rate of further improvement in our military forces in the light of the economic capabilities of NATO nations to sustain a continued defense effort and state of preparedness over an indefinite period of years.

(e) Problems outside the NATO area, particularly in the Pacific where two hot wars are now going on, require individual treatment although they are essentially an important part of the defense of the free world.

You will see as the program for the Far East is laid out for you that, together with the further strengthening of Japan, Formosa, and the Philippines, more than 25 percent of the total proposed military aid is designed to replace weakness with strength in this vitally important area. Likewise the crucial Middle East is not being neglected. In conclusion, it is my opinion, confirmed by the judgment of other members of the executive branch, that this program is what can and should be done by way of military assistance in the fiscal year 1954.

For that reason, I ask all of my colleagues during the debate on this bill to bear in mind that those things which we have in common are greater than the things that divide us; that each one vote bearing in mind the responsibility placed upon him as a Representative to consider the overall good for the United States and not the narrow, sectional interest of the few. We all have in common our belief in God and our respect for the integrity of our fellowmen. We know the purpose of life and we desire to share our responsibility toward our fellowmen. That is why we seek a just peace for ourselves and for all people. This belief and faith have made the United States the leader of the free world. Our Nation has grown and flourished in the defense of these principles, retaining the heritage for which it was founded. No other nation on the face of the earth has so rich an inheritance, so firm a foundation, built as it is upon the recognition of the dignity of man and upon a respect for his civil, social, and spiritual rights. We share our faith and hope with other free nations of the world and even with those who are held in bondage. This common bond has inspired our union with the other nations in quest of our goal against the common enemy. More than anything else, this unity is the target of the enemy's propaganda.

In a sense, fate has aided the common enemy. Political changes in the world have had a delaying effect upon the federation of Europe and upon the ratification of the European defense community. The political change in the United States was the change from a Democratic administration to a Republican administration. The Republican administration has always had a connotation of isolationism. But this was changed during the leadership of Senator Vandenberg. Since his death, there has been a return of the Republican Party's policy to isolationism as is evident by the continual destructive criticism of our foreign pol-

ley, and a renunciation of its bipartisan acceptance. It is a fact that the candidate of the Republican Party was the man who, during the Democratic administration, was the executive in charge of putting into operation the collective defense of the free world and of unifying the European defense community. He gave this his unqualified approval.

The Republican Party used as its slogan in the fall campaign, "It is time for a change." No one knew where the change would occur; a change in the beliefs of Candidate Eisenhower; a change in the beliefs of the Republican Party. When this change came, our allies became confused and looked for new hope in new alliances. The death of Stalin brought this new hope. A new regime in the U. S. S. R. might usher in a change of policy. It did just that. Peace overtures were the new order. Disunite the free world—anything to retard the progress of the free world's collective cooperation. This new approach is directed against the United States. Our allies have absorbed and are inclined to believe in this new approach—not the new approach of the Republican Party leadership, but the new approach of the U. S. S. R.

As a result of the many problems in the world the free world is zigzagging along the edge of an abyss. The United States, under the Republican leadership, must continue our leadership and prove to our allies that we have and will continue our commitments of the mutual cooperation program. Let them have this chance to decide on which side they want to be aligned.

This bill serves that purpose. It proves this program is a continuation of the past program and passage will mean we are united on our foreign policy program.

The Richards amendment does not prevent new planning and new programming. It simply holds back the delivery of 50 percent of the funds for the European Defense Community Nations until they carry out their commitments.

There are several new approaches to the military buildup. This is all in chapter II. The most outstanding is the increase of offshore procurement. This procurement of military equipment by the United States for other nations is done partly in the United States and partly abroad.

The objectives of this program are:

First. To assure delivery in Europe of military items that will meet military requirements according to a predetermined time schedule.

Second. To assure production in Europe of items such as ammunition and spare parts after the initial buildup of supplies with United States assistance.

Third. To create a defense production base in Europe to meet minimum war-time requirements.

Another is the authorization of funds for the assistance to France and the United Kingdom for manufacture in those countries of equipment required by their forces for the defense of the North Atlantic area.

CHAPTER III

This is a new section which authorizes nontransferrable funds for furnishing special weapons—but not atomic energy weapons—such funds to be used for production of weapons upon the determination of the President.

CHAPTER IV

This is a new type of program. It is economic aid over and above technical know-how. Its purpose is to achieve economic development in the Near East and Africa. This is on an area basis in that section of the world where the United States hopes to encourage friendly cooperation among the neighboring countries and where new-found freedom from colonization is still fearful and suspicious of outsiders, including the intention of the United States.

CHAPTER V

In this chapter is found the United States contribution to multilateral organizations including the noteworthy participation in the International Committee for European Migration. This program has gone far in moving the surplus population—refugees, escapees, and expelees—within and without Europe to areas where they can live and work.

It is the continuation of multilateral technical assistance through the United Nations and its specialized agencies, child welfare, and funds for the sending of relief packages going from the United States to foreign countries.

CHAPTER VI

The right to transfer funds within and from the areas is new. It is limited to 10 percent but does not limit these funds in their transfer to the purpose authorized. This gives greater flexibility to the program.

I want to bring to the attention of my colleagues the fact that this bill in no degree fills the dollar gap. On page 218 of the hearings on this bill we find the following questions and answers:

Mrs. KELLY. Governor, could you tell us to what degree this new program will close the dollar gap?

Mr. STASSEN. We feel that it will supply the balance of payments necessary, on a restricted basis, for fiscal year 1954. In other words, no other European countries will be able to expand their imports from us but if they keep them at about this level, we will be able to have a reasonably satisfactory transitional year in 1954.

Mr. KELLY. You mean you will not have a decrease in that \$4.5 billion gap?

Mr. STASSEN. No.

Mrs. KELLY. Not at all if this goes through as is?

Mr. STASSEN. We will fill it by offshore procurement being stepped up, and by a lease agreement on economic aid, and by the overall relations to the rest of the world that are involved in our mutual security program.

It is most unfortunate that the administration has not seen fit to help provide greater markets for our allies, which is the only solution to bring ultimate end to the assistance we must furnish the nations of the free world. Nor was the compromise renewal of the Reciprocal Trade Agreements Act on June 2 a solution. These are basic policies which

must be faced at the earliest possible date.

It is indeed misleading for the administration, in presenting this bill, to find basic disagreements. Secretary Humphrey—on page 295 of the hearing—in the discussion of the unobligated balance, said:

Secretary HUMPHREY. Now, you are talking about MSA?

Mr. MERROW. Yes. We have some that will not be obligated.

Secretary HUMPHREY. I think the unobligated should be deducted from the future appropriation. I think it ought to be reduced.

Mr. MERROW. And that would help the budget.

Secretary HUMPHREY. It will not help our expenditures this year but it will help bring down those prior obligations which eventually helps the budget.

Mrs. KELLY. Mr. MEROW, this is in line with your question of Secretary Wilson on Friday when he recommended that we carry over that \$1.2 billion of unobligated funds of this June.

Secretary HUMPHREY. Is that Defense or MSA?

Mrs. KELLY. MSA.

Mr. MERROW. I put the two together, both MSA and military assistance.

Secretary HUMPHREY. It is all in the MSA budget. Didn't Mr. Stassen say that he would do that?

Mrs. KELLY. No; here is Mr. MEROW's questioning on Friday. Right down at the bottom of the page, Mr. MEROW. You brought that factor up. The unobligated funds at the end of this current fiscal year would be \$1 billion to \$2 billion. You asked Mr. Wilson the question, Should or could we deduct from this MSA authorization of 1953-54, \$5.8 billion, that \$1 billion, plus or minus, which would be unobligated this year, and Mr. Wilson strongly stressed the negative. Read the last paragraph.

Mr. MERROW. The response was: I do not think it should be done because I say that it is the major feature to get the job done more than it is an indication that we did not need the money.

This is a controversial program, but we must all bear in mind that assistance to the free world, as authorized in this bill, involves the security of the United States, and this implementation of our foreign policy is our first line of defense.

The CHAIRMAN. There being no further requests for time, the Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That this act may be cited as the "Mutual Security Act of 1953."

Mr. VORYS. Mr. Chairman, the chairman of the Committee on Foreign Affairs wishes me to announce that there will be a meeting of that committee immediately after the Committee rises.

Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. ALLEN of Illinois, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 5710) to amend further the Mutual Security Act of 1951, as amended, and for other purposes, had come to no resolution thereon.

HOOR OF MEETING TOMORROW

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

PERSONAL ANNOUNCEMENT

Mr. CHUDOFF. Mr. Speaker, I am advised that there was a rollcall vote on the adoption of the rule for the consideration of the mutual security bill. I was unavoidably detained on official business and therefore could not answer to my name. Had I been present I would have answered "yea."

CORRECTION OF ROLLCALL

Mr. HAYS of Arkansas. Mr. Speaker, the record of rollcall No. 54 on page 6864 of the RECORD indicates I was absent. I was present and answered to my name. I ask unanimous consent that the RECORD and JOURNAL be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

SPECIAL ORDER GRANTED

Mr. REAMS. Mr. Speaker, I ask unanimous consent that the special order I have for today go over until next Tuesday.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

LONG LIVE LITHUANIA

(Mr. LANE asked and was given permission to extend his remarks at this point.)

Mr. LANE. Mr. Speaker, the little Baltic nation was founded 700 years ago.

Today it is under forced occupation by the Russian Communists, who suffer from the delusion that they have incorporated it as one of the slave states into the shotgun marriage that is called the Soviet Union.

The profound faith in God and freedom, strengthened by adversity, is life itself to all Lithuanians.

They have endured much before.

They are blessed with the immortal courage to outlast those who now hold them in chains.

Communism as we know it has had one-third of a century in which to build a record, up to World War I it was only a theory that attracted a few people with its sugary promises. Since then we have seen its poison in action. The record of communism is one of monumental betrayal and cruelty. Upon that it must stand and be judged before it falls.

Already it is beginning to show signs of internal strain.

One would not think so looking at Korea, where, on the surface, the Communists have forced the free world to make a succession of blunders that will be hard to match.

If there are any more Yaltas or Koreas, we will really defeat ourselves.

Before that happens, however, there is a good chance that communism itself will begin to disintegrate because of internal contradictions. If we only have the clear thinking and willpower to give it a push instead of trying to save it.

Moscow is beginning to make a few minor concessions on its own initiative, not for genuine peace or justice, but because the ferment inside the Communist empire is threatening to get out of hand.

They want us to abandon our military buildup while they catch their second wind.

It is both necessary and convenient in their present predicament.

First. Lull us to sleep.

Second. Give them a chance to repair the cracks in the Soviet social and economic structure, while they build up the required supply of A-bombs and other sure missiles.

Third. Hit us with a knockout punch from which we will never regain consciousness.

It is so simple that one cannot understand how any free nation could be fooled by it.

Yet there is the very real danger that those who crave for the illusion of peace at any price, even if only for a year.

Will be deceived again and become willing instruments of their own eventual destruction?

Little nations like Lithuania know so much more than we do, because the world did not listen to their warnings concerning Soviet doubletalk. While Moscow was reaching out to take over their country.

Lithuania reminds us that the Union of Soviet Socialist Republics was ousted from the League of Nations, on December 14, 1939, because of its aggressive attack upon Finland. Six months later, the Red army poured into Lithuania in a naked aggression that did not even have an alibi or an excuse to conceal its brutal conquest.

Lithuania bides its time.

It knows that the free world outside cannot go on making one mistake after another. Sometime, by the law of averages, and even by accident, perhaps, it will make the right, honorable, and clear decision.

Meanwhile, Lithuania has the strength and patience of its religious faith and its devotion to freedom to support it during the long, dark hours of its captivity.

From the 700 years of its history, we derive hope for its future.

God bless Lithuania.

If other nations larger in size and richer in material things had one-half of Lithuania's moral fiber, there would be no such evil as communism to torture mankind.

THE SUPREME COURT

The SPEAKER. Under previous order of the House, the gentleman from Georgia [Mr. DAVIS] is recognized for 45 minutes.

(Mr. DAVIS of Georgia asked and was given permission to revise and extend his remarks.)

Mr. DAVIS of Georgia. Mr. Speaker, I am glad that events of the past few days have focused attention on the Supreme Court of the United States, and have called public attention to its activities. For some days I have been checking into that Court's activities, preliminary to the remarks I intend to make today. When I obtained the special order under which I am speaking, the sentence of the convicted Communists had not been stayed, nor had the resolution been introduced to impeach the Justice who later granted the stay of sentence. My remarks today were not prompted by the Communist spy case, nor any of the events connected with it. However, these events do point up the crying need for the people of the United States to pay attention to what the Supreme Court has been doing for the last 12 to 15 years in usurping legislative functions which do not belong to the judicial department of the Government, in following a course of conduct which amounts, in effect, to judicial legislation, and in otherwise tearing down our institutions.

During that time the Court has followed a course of action which has every appearance of being a studied plan to whittle away and destroy the rights of States and the rights of individuals guaranteed by our Constitution—rights which have been recognized throughout the years, which have been accorded full faith and credit by the Federal Government and all its branches, and which were never questioned until the New Deal philosophy came upon the scene. Its disciples came bold, ambitious, and determined to remake according to their own plans our economy, our way of life, our laws, and our Government. They found that the Supreme Court, as then constituted, was a roadblock in the way of their plans, and that the Court refused to surrender its functions and become a subservient tool.

Angered by this refusal, the then President contemptuously referred to the members of the Court as "nine old men," and called upon Congress to give him the power to pack the Court by increasing its membership, which would have enabled him to pack the Court with members willing to declare that hereafter the provisions of the Federal Constitution should be stretched to fit the laws of the New Deal program instead of measuring the New Deal laws by the yardstick of the Constitution.

When men of courage and integrity in the Congress refused to grant that outrageous demand, the arrogant Chief Executive then demanded that they be purged by the voters, and be replaced by rubber stamps who would vote him the power to pack the Supreme Court. This issue was presented to the people in the elections. They refused to purge the Congress, and refused to the Executive and the New Dealers the requested power to pack the Supreme Court.

However, although the people and the Congress successfully resisted this brazenly announced intention to pack the Court, vacancies did occur which gave the Executive the opportunity to pack

THE MUTUAL SECURITY ACT OF 1953

JUNE 18 (legislative day, JUNE 8), 1953.—Ordered to be printed

Mr. SALTONSTALL, from the Committee on Armed Services, submitted the following

REPORT

[To accompany S. 2128]

The Committee on Armed Services, to whom was referred the bill (S. 2128) to further amend the Mutual Security Act of 1951, as amended, and for other purposes, which was reported favorably to the Senate on June 15, 1953, by the Committee on Foreign Relations, having considered the bill pursuant to the instructions of the Senate, report favorably thereon with amendments.

AMENDMENTS TO THE BILL

On page 3, line 12, strike out "make available" and insert in lieu thereof "expend"; and in line 17, strike out "made" and insert in lieu thereof "to be made".

This amendment makes no substantive change in the section. It was the feeling of the committee that the word "expend" was more in keeping with proper budgetary control.

On page 3, beginning with the colon in line 20, strike out down through and including the word "control" in line 2, on page 4.

It was the feeling of the committee that this section of the bill should be confined to the purposes as set forth in the original administration request and that funds not expended for such purposes should not remain available for rehabilitation and relief in an area on the basis of such a contingency as the cessation of hostilities in such area.

On page 16, strike out lines 8 through 20 and insert in lieu thereof the following:

(2) Amend section 521 by striking out the next to the last sentence thereof.

(3) Add the following new section:

"SEC. 549. USE OF FOREIGN CURRENCY OR CREDITS.—Foreign currencies or credits owed to or owned by the United States shall be used to carry out the purposes of this Act but only after reimbursement is made therefor to the Treasury from funds appropriated to carry out such purposes: *Provided*, That such cur-

rencies or credits are authorized to be made available for use without reimbursement to the Treasury for liquidation of obligations legally incurred against such currencies prior to July 1, 1953."

The committee believed that foreign currencies or credits owed to or owned by the United States should be covered into the Treasury, and that any expenditures of these funds should come only through authorized appropriations to carry out specific purposes. This amendment eliminates \$98,396,000 from expenditures by the Mutual Security Administration. It does not change the authorization of the bill, as this amount was outside of the authorization because it was money already appropriated and converted into foreign currency or credits.

COMMITTEE COMMENT ON THE BILL

The Committee on Armed Services received testimony in executive session from representatives of the Secretary of Defense, the Secretary of State, and the Director for Mutual Security.

Throughout these hearings emphasis was concentrated upon the military aspects of the program contemplated in S. 2128 and especially the degree to which the military aspects of the program mesh with the scope and progress of programs looking toward the buildup of our own forces.

While recognizing that the requirements imposed by S. 2128 for military assistance will have a genuinely serious impact on our national economy and on the making available of funds for our own military services, the committee is of the opinion that meeting these requirements will strengthen rather than weaken our own national security.

In effect, therefore, our international program for security is so integrated with our national program for security that the amounts recommended for the military purposes of the bill for fiscal year 1954 will assist our Government to carry out its military services for defense of our country and its undertakings in other countries.



Calendar No. 444

83^D CONGRESS
1ST SESSION

S. 2128

[Report No. 403]

[Report No. 444]

IN THE SENATE OF THE UNITED STATES

JUNE 13, 1953

Reported under authority of the order of the Senate of June 11 (legislative day, June 8), 1953, by Mr. WILEY, from the Committee on Foreign Relations

JUNE 15 (legislative day, JUNE 8), 1953

Read twice and referred to the Committee on Armed Services

JUNE 18 (legislative day, JUNE 8), 1953

Reported by Mr. SALTONSTALL, with amendments

[Omit the part struck through and insert the part printed in italic]

A BILL

To further amend the Mutual Security Act of 1951, as amended,
and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Mutual Security Act
4 of 1953".

5 CHAPTER I—MUTUAL DEFENSE MATERIEL AND TRAINING

6 SEC. 101. AUTHORIZATION OF APPROPRIATION.—

7 Amend the Mutual Security Act of 1951, as amended, by
8 adding the following new section:

1 “SEC. 540. There is hereby authorized to be appro-
2 priated to the President for the fiscal year 1954 not to exceed
3 \$3,681,523,000 to carry out the provisions of sections 101
4 (a) (1) (relating to military assistance for Europe), 201
5 (relating to military assistance for the Near East and
6 Africa), 301 (relating to military and other assistance for
7 Asia and the Pacific), and 401 (relating to military assist-
8 ance for Latin America) of this Act, of which \$2,179,689,-
9 870 is authorized to be appropriated under section 101 (a)
10 (1), \$405,212,637 is authorized to be appropriated under
11 section 201, \$1,081,620,493 is authorized to be appropriated
12 under section 301, and \$15,000,000 is authorized to be ap-
13 propriated under section 401.”

14 CHAPTER II—MUTUAL DEFENSE FINANCING

15 SEC. 201. AUTHORIZATION OF APPROPRIATIONS.—
16 Amend the Mutual Security Act of 1951, as amended, by
17 adding the following new sections:

18 “SEC. 541. There is hereby authorized to be appropriated
19 to the President for the fiscal year 1954 not to exceed \$984,-
20 000,000 to carry out the provisions of sections 101 (a) (2)
21 (relating to defense support and economic assistance for Eu-
22 rope), 102 (relating to defense production financing for
23 France and the United Kingdom), 302 (a) (relating to de-
24 fense support, economic and technical assistance) for the
25 National Government of the Republic of China and the As-

1 sociated States of Cambodia, Laos, and Vietnam, and 304
2 (relating to defense production financing) of this Act.”

3 “SEC. 102. Of the funds authorized by section 541 of
4 this Act, the President may make available, on such terms
5 and conditions, including transfer of funds, as he may specify
6 (a) not to exceed \$100,000,000 for manufacture in France
7 of artillery, ammunition, and semiautomatic weapons re-
8 quired by French forces for the defense of the North Atlantic
9 area, and (b) not to exceed \$100,000,000 for manufacture
10 in the United Kingdom of military aircraft required by
11 United Kingdom forces for the defense of the North Atlantic
12 area.”

13 “SEC. 304. Of the funds authorized by section 541 of
14 this Act, the President may ~~make available~~ *expend*, on such
15 terms and conditions, including transfer of funds, as he may
16 specify, not to exceed \$400,000,000 for the procurement of
17 equipment, materials, and services (as defined in section 411
18 (containing definitions) of the Mutual Defense Assistance
19 Act of 1949, as amended), which are required by and are
20 ~~made to be made~~ available to, or are necessary for the support
21 of, the forces of France and the Associated States of Cam-
22 bodia, Laos, and Vietnam located in such Associated
23 States: ~~Provided, That in the event of the cessation of hos-~~
24 ~~ilities in which such forces are engaged, the funds authorized~~
25 ~~to be made available under this section and remaining unex-~~

1 pended, may be made available for economic and technical
2 assistance, and rehabilitation and relief, in those portions of
3 the Associated States of Cambodia, Laos, and Vietnam,
4 which the President determines not to be under Communist
5 control.”

6 CHAPTER III—MUTUAL SPECIAL WEAPONS PLANNING

7 SEC. 301. AUTHORIZATION OF APPROPRIATION.—

8 Amend the Mutual Security Act of 1951, as amended, by
9 adding the following new section:

10 “SEC. 542. There is hereby authorized to be appro-
11 priated to the President for the fiscal year 1954 not to exceed
12 \$100,000,000 for the purpose of furnishing special weapons
13 to nations eligible to receive military assistance under this
14 Act or to the international organizations referred to in section
15 2 (b) (A) and 2 (b) (C) of this Act: *Provided*, That, prior
16 to the obligation of funds for this purpose, the President shall
17 determine that such obligation is in the security interest of
18 the United States and is in furtherance of the policies and
19 purposes of the Mutual Defense Assistance Act of 1949, as
20 amended: *And provided further*, That, prior to the transfer
21 of such weapons, the President shall determine that (a) the
22 recipient is adequately prepared to safeguard the security of
23 such weapons; (b) that the transfer of such weapons will be
24 in the security interest of the United States; and (c) that
25 such transfer will further the purposes and policies of the

1 Mutual Defense Assistance Act. Nothing contained in this
2 section shall alter, amend, revoke, repeal, or otherwise affect
3 the provisions of any law restricting, limiting, or prohibiting
4 the transfer of any such weapons. Notwithstanding any
5 other provisions of this Act, funds made available pursuant
6 to this section may be used only for the purpose of this
7 section.”

8 CHAPTER IV—MUTUAL DEVELOPMENT AND TECHNICAL
9 PROGRESS

10 SEC. 401. AUTHORIZATION OF APPROPRIATION.—
11 Amend the Mutual Security Act of 1951, as amended, by
12 adding the following new section:

13 “SEC. 543. There is hereby authorized to be appropri-
14 ated to the President for the fiscal year 1954 not to exceed
15 \$140,234,500 to carry out the provisions of sections 203
16 (relating to economic and technical assistance for the Near
17 East and Africa), 302 (a) (relating to defense support,
18 economic and technical assistance) other than for the Na-
19 tional Government of the Republic of China and the Asso-
20 ciated States of Cambodia, Laos, and Vietnam, and 402
21 (relating to technical assistance for Latin America) of this
22 Act.”

23 SEC. 402. AUTHORIZATION OF APPROPRIATION FOR
24 BASIC MATERIALS.—At the end of section 514 (relating to
25 basic materials) of the Mutual Security Act of 1951, as

1 amended, add the following sentence: "There is hereby
2 authorized to be appropriated to the President for the fiscal
3 year 1954 not to exceed \$15,000,000 to carry out the pro-
4 visions of this section."

5 SEC. 403. SPECIAL ECONOMIC ASSISTANCE IN THE
6 NEAR EAST AND AFRICA.—Amend section 206 of the
7 Mutual Security Act of 1951, as amended, to read as follows:
8 "SEC. 206. In order to further the purpose of this Act
9 in the Near East and Africa, there is hereby authorized to
10 be appropriated to the President for the fiscal year 1954
11 not to exceed \$194,000,000 to be used, on such terms and
12 conditions as he may specify, to furnish special economic
13 assistance designed to promote the economic development of
14 the area, for relief and rehabilitation of refugees in the area,
15 and for other types of economic assistance to assist in main-
16 taining economic and political stability in the area. The
17 applicable provisions of the Act for International Develop-
18 ment (64 Stat. 204; 22 U. S. C. 1557), except the pro-
19 visions relating to the purpose for which assistance may be
20 given, or of section 503 (b) (3) of this Act, shall apply to
21 the expenditure of funds pursuant to this section to the extent
22 that they are not inconsistent with the purposes of this
23 section."

24 SEC. 404. SPECIAL ECONOMIC ASSISTANCE FOR INDIA
25 AND PAKISTAN.—Amend section 302 (relating to economic

1 and technical assistance for Asia and the Pacific) of the
2 Mutual Security Act of 1951, as amended, by redesignating
3 subsection (b) as (c) and adding the following new sub-
4 section (b) :

5 “(b) In order to further the purpose of this Act in India
6 and Pakistan, there is hereby authorized to be appropriated
7 to the President for the fiscal year 1954 not to exceed \$94,-
8 400,000 to be used, on such terms and conditions as he may
9 specify, to furnish special economic assistance designed to
10 promote the economic development of such countries, and to
11 assist in maintaining economic and political stability therein.
12 The applicable provisions of the Act for International De-
13 velopment, except the provisions relating to the purpose for
14 which assistance may be given, or of section 503 (b) (3) of
15 this Act, shall apply to the expenditure of funds pursuant to
16 this section to the extent that they are not inconsistent with
17 the purposes of this section.”

18 CHAPTER V—MULTILATERAL ORGANIZATIONS

19 SEC. 501. MOVEMENT OF MIGRANTS.—Add the follow-
20 ing new sentence to section 534 (relating to the movement
21 of migrants) of the Mutual Security Act of 1951, as
22 amended: “There is hereby authorized to be appropriated
23 to the President not to exceed \$10,000,000 for contributions
24 during the calendar year 1954 to the Intergovernmental
25 Committee for European Migration.”

1 SEC. 502. MULTILATERAL TECHNICAL COOPERATION
2 AND CHILDREN'S WELFARE.—Amend the Mutual Security
3 Act of 1951, as amended, by adding the following new
4 sections:

5 “SEC. 544. There is hereby authorized to be appropriated
6 to the President for the fiscal year 1954 not to exceed
7 \$13,750,000 for multilateral technical cooperation under sec-
8 tion 404 (b) of the Act for International Development.

9 “SEC. 545. There is hereby authorized to be appropriated
10 to the President not to exceed \$13,000,000 for contributions
11 during the calendar year 1954 for the support of interna-
12 tional children's welfare work in such manner and on such
13 terms and conditions as he may deem to be in the interests of
14 the United States.”

15 SEC. 503. OCEAN FREIGHT ON RELIEF SHIPMENTS.—
16 Add the following new sentence to section 535 (relating to
17 the payment of ocean freight charges on voluntary relief
18 shipments) of the Mutual Security Act of 1951, as amended:
19 “There is hereby authorized to be appropriated to the Presi-
20 dent for the fiscal year 1954 not to exceed \$1,825,000 for
21 use in paying ocean freight charges under section 117 (c)
22 of the Economic Cooperation Act of 1948, as amended.”

23 SEC. 504. UNITED NATIONS KOREAN RECONSTRUC-
24 TION AGENCY.—Amend section 303 (a) (relating to Korean

1 relief) of the Mutual Security Act of 1951, as amended,
2 as follows:

3 (a) Add the following new sentence: "There is hereby
4 authorized to be appropriated to the President for the fiscal
5 year 1954 not to exceed \$71,000,000 for making contribu-
6 tions to the United Nations Korean Reconstruction Agency,
7 or such other agency as the President may direct."

8 (b) In the third sentence of section 303 (a) strike out
9 "\$67,500,000" and insert "\$40,750,000".

10 CHAPTER VI—FURTHER CHANGES IN EXISTING MUTUAL
11 SECURITY LEGISLATION

12 SEC. 601. Amend the Mutual Security Act of 1951, as
13 amended, by adding the following new sections:

14 "SEC. 546. Whenever the President determines it to be
15 necessary for the purpose of this Act, (a) not to exceed 10
16 per centum of the aggregate of the appropriations made avail-
17 able for section 101 (a) (1) and section 541 of this Act, for
18 any fiscal year, may be transferred between appropriations
19 made available for either of such sections: *Provided*, That such
20 funds after transfer may be used only for the purposes of
21 sections 101 (a) (1) or 101 (a) (2); and (b) not to
22 exceed 10 per centum of the funds made available pursuant
23 to the authorization contained in any of chapters II, IV,
24 and V of the Mutual Security Act of 1953 for the fiscal

1 year 1954 may be transferred to and consolidated with funds
2 made available pursuant to the authorization contained in any
3 other of such chapters. Whenever the President makes any
4 such determination, he shall forthwith notify the Committee
5 on Foreign Relations of the Senate and the Committee on
6 Foreign Affairs of the House of Representatives.

7 "SEC. 547. The unexpended balance under each para-
8 graph of title III, Mutual Security, of the Supplemental
9 Appropriation Act, 1953, is hereby authorized to be con-
10 tinued available for its original purposes through June 30,
11 1954, and may be consolidated with the appropriate fiscal
12 year 1954 appropriation made for the same general purpose
13 under the authority of this Act."

14 SEC. 602. ESCAPEES.—Paragraph 101 (a) (1) of title
15 I (relating to Europe) of the Mutual Security Act of 1951,
16 as amended, is amended by deleting the word "similarly"
17 before the word "determined" and by inserting "or any
18 Communist-dominated or Communist-occupied areas of Asia",
19 after "and any other countries absorbed by the Soviet Union",
20 and, at the end of that sentence, strike out "and to the
21 security of the United States" and insert "or to the security
22 of the United States".

23 SEC. 603. MILITARY AID IN THE NEAR EAST AND
24 AFRICA.—Title II (relating to the Near East and Africa)

1 of the Mutual Security Act of 1951, as amended, is further
2 amended as follows:

3 (a) Amend section 201 (relating to military assistance)
4 by inserting "and by furnishing other military assistance in
5 the area of the Near East and Africa", after "Greece, Tur-
6 key, and Iran", and by inserting "and for furnishing other
7 military assistance in the area of the Near East and Africa
8 pursuant to section 202" after "and for furnishing assistance
9 to Iran pursuant to the provisions of the Mutual Defense
10 Assistance Act of 1949, as amended (22 U. S. C. 1571-
11 1604)".

12 (b) Amend section 202 (relating to military assistance)
13 to read as follows:

14 "Whenever the President determines that such action
15 is essential for the purpose of this Act, he may utilize the
16 funds made available pursuant to section 201 in order to
17 provide assistance, pursuant to the provisions of the Mutual
18 Defense Assistance Act of 1949, as amended, in the area of
19 the Near East and Africa. Such assistance may be fur-
20 nished to any organization created pursuant to a regional
21 defense arrangement in the area to which the United States
22 shall have become a party, to any nation in the general area
23 participating in such an arrangement, or to any other nation
24 in the general area which the President determines to be of

1 direct importance to the defense of the area and whose in-
2 creased ability to defend itself the President determines to
3 be important to the security of the United States (any such
4 determination to be reported forthwith to the Committee on
5 Foreign Relations of the Senate, the Committee on Foreign
6 Affairs of the House of Representatives, and the Committees
7 on Armed Services of the Senate and of the House of Rep-
8 resentatives). No assistance shall be furnished under this
9 section unless the recipient nation (1) has agreed (a) that
10 the equipment, materials, or services provided will be used
11 solely to maintain its internal security, its legitimate self-
12 defense, or to permit it to participate in the defense of the
13 area, or in United Nations collective security arrangements
14 and measures, and (b) that it will not undertake any act of
15 aggression against any other nation, and (2) has complied
16 with such of the conditions set forth in section 511 (a) of
17 this Act and section 402 of the Mutual Defense Assistance
18 Act of 1949, as amended, as the President shall find to be
19 essential to the accomplishment of the purposes of this
20 section.”

21 SEC. 604. AUTHORITY FOR ASSISTANCE TO KOREA.—
22 Title III (relating to Asia and the Pacific) of the Mutual
23 Security Act of 1951, as amended, is further amended as
24 follows: In the first sentence of section 302 (a) (relating

1 to economic aid and technical assistance) strike out “but
2 not including the Republic of Korea) ”.

3 SEC. 605. Title V (relating to organization and general
4 provisions) of the Mutual Security Act of 1951, as amended,
5 is further amended as follows:

6 (a) PERSONNEL CEILING EXEMPTION FOR NEW MILI-
7 TARY ASSISTANCE PROGRAMS.—Amend section 504 (d)
8 (relating to reduction in personnel) by changing the period
9 at the end of the section to a colon and by adding the fol-
10 lowing proviso: “*Provided further*, That after July 1, 1953,
11 the following categories of civilian employees and military
12 personnel carrying out programs under the Mutual Defense
13 Assistance Act of 1949, as amended, shall be in addition to
14 the personnel ceiling established under the second and third
15 provisos of this section:

16 “(1) Civilian employees and military personnel
17 carrying out such programs in the Associated States of
18 Cambodia, Laos and Vietnam, over and above the num-
19 ber so engaged before July 1, 1953,

20 “(2) Civilian employees and military personnel
21 carrying out such programs for any countries in which
22 no such programs were in operation on July 1, 1953,

23 “(3) Civilian employees and military personnel car-
24 rying out such programs for international organizations
25 and headquarters established after July 1, 1953.”

1 (b) SPECIAL USE OF FUNDS.—Amend section 513 (b)
2 (relating to special use of funds) to read as follows:

3 “(b) Not more than \$100,000,00 of the funds made
4 available under this Act, of which not more than \$20,000,000
5 may be allocated to any one country, may be used
6 in any fiscal year by the President, to be expended, without
7 regard to the requirements of this Act, or any other Act for
8 which funds are authorized by this Act, in furtherance of the
9 purposes of such Acts, when the President determines that
10 such use is important to the security of the United States.
11 The President shall notify the Committee on Foreign Re-
12 lations of the Senate and the Committee on Foreign Affairs
13 of the House of Representatives upon making any such
14 determination.”

15 (c) TERMINATION OF PROGRAM.—Amend section
16 530 (a) (relating to the expiration of the Mutual Security
17 Program) to read as follows:

18 “SEC. 530. (a) After June 30, 1956, or after a date
19 specified in a concurrent resolution passed by the two Houses
20 of Congress, whichever is the earlier, none of the authority
21 conferred by this Act or by the Mutual Defense Assistance
22 Act of 1949, as amended (22 U. S. C. 1571–1604), may
23 be exercised; except that following such date—

24 “(1) equipment, materials, commodities, and serv-
25 ices with respect to which procurement for, shipment to,

1 or delivery in a recipient country had been authorized
2 prior to such date may be transferred to such country, and

3 “(2) funds appropriated under the authority of this
4 Act shall, if obligated before such date, remain avail-
5 able for expenditure for three years following such date,
6 and shall be available during such period for obligation:

7 (A) for the necessary expenses of procurement, ship-
8 ment, delivery, and other activities essential to such
9 transfers, and (B) for the necessary expenses of liquidat-
10 ing operations under this Act.”

11 (d) UNDERDEVELOPED AREAS.—Add the following new
12 section 548:

13 “SEC. 548. Whenever funds are made available under
14 this Act for assistance, other than military assistance, to any
15 economically underdeveloped area, such funds may be used
16 under the applicable provisions of section 503 (b) (3) or
17 the applicable provisions of the Act for International Develop-
18 ment. Where administrative arrangements, including pro-
19 visions relating to compensation and allowances of personnel,
20 authorized under section 503 (b) (3) differ from those au-
21 thorized by the Act for International Development, the Di-
22 rector may make use of arrangements authorized under either
23 statute, in carrying out such programs, except that before ex-
24 tending the provisions of section 109 (a) of the Economic
25 Cooperation Act of 1948, as amended, to countries in which

1 programs authorized under the Act for International De-
2 velopment are being carried out, the Director will secure the
3 approval of the Secretary of State."

4 (e) USE OF LOCAL CURRENCY.—

5 (1) Amend section 519 (b) to read as follows:

6 " (b) In order to assist in carrying out the provisions
7 of section 514, funds made available to carry out that section
8 may be used to acquire local currency for the purpose of
9 increasing the production of materials in which the United
10 States or nations receiving United States assistance are
11 deficient."

12 ~~(2) Amend section 521 by striking out the words "the~~
13 ~~administrative and operating expenses of" in the next to the~~
14 ~~last sentence.~~

15 ~~(3) Add the following new section:~~

16 ~~"SEC. 549. USE OF FOREIGN CURRENCY OR CRED-~~
17 ~~ITS.—There is hereby authorized to be made available for the~~
18 ~~fiscal year 1954 for the purpose of this Act, not to exceed~~
19 ~~the equivalent of \$98,396,000 in foreign currencies or~~
20 ~~credits owed to or owned by the United States: *Provided,*~~
21 ~~That, in addition, any foreign currencies or credits owed~~
22 ~~to or owned by the United States are authorized to be con-~~
23 ~~tinued available for use for liquidation of obligations in-~~
24 ~~curred against such currencies prior to July 1, 1953."~~

1 (2) Amend section 521 by striking out the next to the
2 last sentence thereof.

3 (3) Add the following new section:

4 “SEC. 549. USE OF FOREIGN CURRENCY OR CRED-
5 ITS.—Foreign currencies or credits owed to or owned by the
6 United States shall be used to carry out the purposes of this
7 Act but only after reimbursement is made therefor to the
8 Treasury from funds appropriated to carry out such pur-
9 poses: Provided, That such currencies or credits are author-
10 ized to be made available for use without reimbursement to
11 the Treasury for liquidation of obligations legally incurred
12 against such currencies prior to July 1, 1953.”

13 SEC. 606. The Mutual Defense Assistance Act of 1949,
14 as amended (22 U. S. C. 1571–1604), is further amended
15 as follows:

16 (a) ASSISTANCE TO NATO COUNTRIES.—Add the fol-
17 lowing proviso before the period at the end of section 101
18 (relating to military assistance to NATO countries): “: *Pro-*
19 *vided*, That military assistance may be furnished for pur-
20 poses not included in such defense plans upon a determina-
21 tion by the President that it will further the purposes and
22 policies of this Act”.

23 (b) EXCESS EQUIPMENT.—Immediately before the
24 period in the next to last sentence of section 403 (d) (re-

1 relating to limitation on furnishing of excess equipment), add
2 the following: "and after June 30, 1953, by an additional
3 \$200,000,000".

4 (c) SALES OF MILITARY EQUIPMENT.—Strike out the
5 word "The" where it appears at the beginning of section
6 408 (e) (1) (relating to sales of military equipment) and
7 insert in lieu thereof the following: "Notwithstanding the
8 provisions of section 530 (a) of the Mutual Security Act
9 of 1951, as amended, the".

10 (d) DEPENDABLE UNDERTAKING PROCEDURE.—
11 Amend the last sentence of section 408 (e) (2) (relating
12 to sales of military equipment) to read as follows: "Before
13 a contract is entered into or rehabilitation work is under-
14 taken, such nation, or international military organization or
15 headquarters, shall (A) provide the United States with a
16 dependable undertaking to pay the full amount of such
17 contract or the cost of such rehabilitation which will assure
18 the United States against any loss on the contract, or
19 rehabilitation work, and (B) shall make funds available
20 in such amounts and at such times as may be necessary
21 to meet the payments required by the contract or the
22 rehabilitation work in advance of the time such payments
23 are due, in addition to the estimated amount of any dam-
24 ages and costs that may accrue from the cancellation of
25 such contract or rehabilitation work: *Provided*, That the

1 total amount of outstanding contracts under this subsection,
2 less the amounts which have been paid to the United States
3 by such nations, shall at no time exceed \$700,000,000.”

4 (e) LOANS OF EQUIPMENT.—Amend section 411 (d)
5 (containing definitions) to read as follows:

6 “(d) The term ‘services’ shall include any service, repair,
7 training of personnel, or technical or other assistance or in-
8 formation necessary to effectuate the purposes of this Act,
9 including loans of equipment for test and study purposes.”

10 SEC. 607. COUNTERPART LOANS.—Amend the last pro-
11 viso of section 115 (b) (6) (relating to counterpart funds)
12 of the Economic Corporation Act of 1948, as amended (
13 U. S. C. 1503–1519) to read as follows:

14 “*And provided further*, That whenever funds from such
15 special account are used by a country to make loans, all
16 funds received in repayment of such loans prior to termina-
17 tion of assistance to such country shall be reused only for
18 such purposes as shall have been agreed to between the
19 country and the Government of the United States.”

20 SEC. 608. UNITED NATIONS TECHNICAL COOPERA-
21 TION PROGRAMS.—Amend the last proviso in section 404 (b)
22 of the Act for International Development by striking out the
23 word “fiscal” and inserting in lieu thereof the word
24 “calendar”.

1 SEC. 609. REPEAL OF CERTAIN PROVISIONS.—(a) (1)
2 Subsection (a) of section 516 of the Mutual Security Act
3 of 1951, as amended, is repealed.

4 (2) Amend subsection (b) of such section by striking
5 out the words “to accomplish the purpose of clause (1) of
6 subsection (a) of this section, under” and inserting in lieu
7 thereof the word “Under”.

8 (b) Section 115 (k) of the Economic Cooperation Act
9 of 1948, as amended, is repealed. Nothing in this subsec-
10 tion shall be construed to prevent the carrying out of any
11 commitment or agreement entered into pursuant to said
12 section 115 (k) prior to the date of enactment of this Act.



83d CONGRESS
1st Session

S. 2128

[Report No. 403]
[Report No. 444]

A BILL

To further amend the Mutual Security Act of 1951, as amended, and for other purposes.

By Mr. WILEY

JUNE 13, 1953

Reported, under order of the Senate, by Mr. WILEY

JUNE 15 (legislative day, JUNE 8), 1953

Read twice and referred to the Committee on
Armed Services

JUNE 18 (legislative day, JUNE 8), 1953

Reported with amendments

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 22, 1953
For actions of June 19, 1953
83rd-1st, No. 112

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HIGHLIGHT: House passed mutual security bill.

HOUSE

1. FOREIGN AID. Passed, 280-108, with amendments, H. R. 5710, the Mutual Security Agency authorization bill (pp. 7096-7143). This bill authorizes appropriations of \$4,998,000,000, which is \$830,000,000 less than the Administration's request.
Agreed, 105-55, to an amendment by Rep. Fulton designed to stress language requiring the use of surplus U. S. commodities in the foreign-aid program (pp. 7121-2). For text of amendment see end of this Digest.
Rejected the following amendments:
By Rep. Fulton, to provide funds for individual nations who ratify the European Defense Community pact in lieu of withholding funds until all countries ratify it (pp. 7111-3).
By Reps. Adair, 83-133, and Fulton, 67-120, to reduce the authorization for economic aid to Europe by \$70 and \$100 million, respectively (pp. 7119-21).
By Rep. Curtis, 79-94, to delete language increasing from 12 months to 24 months the period for terminating the program after the expiration of the mutual security program (pp. 7127-9).
By Rep. Burleson, 78-118, to postpone the making of appropriations for the foreign-aid program until Jan. 1, 1954, and continue availability of unexpended funds already appropriated (pp. 7130-1).
By Rep. Kelly, N. Y., 22-110, to cut off carryover funds of Yugoslavia (p. 7131).
By Rep. Colmer, 83-104, to impose a \$4.5 billion ceiling on total authorizations (pp. 7131-3).
By Rep. Budge, 101-152, to reduce authorizations for each item for each nation by 10 percent (pp. 7132-3).

By Rep. Bentley, 79-118, to cut \$47,200,000 from authorization for economic and technical assistance for India and Pakistan (pp. 7133-8).

By Rep. Morano, to increase by \$1 million the authorization for payment of ocean freight charges on relief shipments (p. 7139).

By Rep. Towell, 52-56, to bar aid to countries that do not accept technical aid from the U. S. in the collection of their taxes (p. 7139).

2. PERSONNEL. The Post Office and Civil Service Committee reported without amendment H. R. 5706, to facilitate civil service appointment of persons who lost opportunity thereof because of military service after June 30, 1950 (H. Rept. 628) (p. 7147).

Received a petition urging Congress to push the appropriation of \$31,397,000 to cover the cost of the annuity increases authorized by the 82nd Congress (p. 7148).

3. TRANSPORTATION. Concurred in the Senate amendment to H. R. 2347, to continue for 6 months after termination of the national emergency of certain powers of the President relating to priorities in the transportation of traffic (p. 7143). This bill will now be sent to the President.

4. FOREIGN TRADE. The "Daily Digest" states that the Ways and Means Committee "approved a newly written bill regarding customs simplification, which will be introduced to be acted on in lieu of the revised version of H. R. 5106, the original bill on the subject." (p. D585).

Received the Fifth Annual Report of the U. S. Tariff Commission on the operations of the trade agreements program (p. 7147).

5. ADJOURNED until Mon., June 22 (p. 7147). Legislative program as stated by the Majority Leader: Mon., H. R. 5805, legislative appropriation bill for 1954, and D. C. bills; rest of week, H. R. 5659, wheat to Pakistan, bill; H. R. 5451, amending wheat marketing quotas, H. R. 3203, trip-leasing bill, H. R. 5278, disposal of Government-owned rubber facilities, S. 1376, extending the National Housing Act, and perhaps the customs simplification and the excess profits tax bills if either is reported and a rule granted. He also stated that "from here on out to the end of the session, which we hope will be July 31, Members should hold themselves in readiness to be here at any time during the week in order to act on legislation that may be coming along." (p. 7142).

6. APPROPRIATIONS. As reported (see Digest 110), H. R. 5805, the legislative-judiciary appropriation bill for 1954, includes funds for the Government Printing Office, the Library of Congress, and the Botanic Garden. The committee report states that "one nonrecurring item of \$100,000 for preparation of a new United States Code has been dropped from the bill." The bill changes GPO from a working-capital-fund basis to a revolving-fund basis and includes the following provision: "Any executive department or independent establishment of the Government ordering printing and binding or blank paper and supplies from the Government Printing Office shall pay promptly by check to the Public Printer upon his written request, either in advance or upon completion of the work, all or part of the estimated or actual cost thereof, as the case may be, and bills rendered by the Public Printer in accordance herewith shall not be subject to audit or certification in advance of payment; Provided, That proper adjustments on the basis of the actual cost of delivered work paid for in advance shall be made monthly or quarterly and as may be agreed upon by the Public Printer and the department or establishment concerned."



Congressional Record

United States
of America

PROCEEDINGS AND DEBATES OF THE 83^d CONGRESS, FIRST SESSION

Vol. 99

WASHINGTON, FRIDAY, JUNE 19, 1953

No. 112

Senate

The Senate was not in session today. Its next meeting will be held on Monday, June 22, 1953, at 12 o'clock meridian.

House of Representatives

FRIDAY, JUNE 19, 1953

The House met at 11 o'clock a. m.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

God of all goodness, we are again uniting our hearts in the fellowship of prayer, grateful for the many joys which cheer us and the trials which teach us to put our trust in Thee.

May we accept the tasks and responsibilities of our high vocation without fear or complaint for Thou art our wisdom and strength, a very present help in time of trouble.

Help us to understand that in the building of a better world we must have the counsel and cooperation, the influence and impact of a united people.

Show us how we may overcome our feelings of pride and prejudice and may the day soon dawn when there shall be the spirit of peace and brotherhood among all the nations of the earth.

To Thy name we ascribe all the praise. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

H. R. 1434. An act to amend the act of February 24, 1925, incorporating the American War Mothers;

H. R. 2113. An act to amend the act incorporating the American Legion so as to redefine (a) the powers of said corporation, (b) the right to use of the name "The American Legion" and "American Legion";

H. R. 2456. An act to amend the act of October 11, 1951, authorizing the President to proclaim regulations for preventing collisions at sea, and for other purposes; and

H. R. 5069. An act to prohibit the introduction or movement in interstate commerce of articles of wearing apparel and fabrics which are so highly flammable as to be dangerous when worn by individuals, and for other purposes.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a joint resolution of the House of the following title:

H. J. Res. 238. Joint resolution granting the status of permanent residence to certain aliens.

The message also announced that the Senate had passed bills and joint resolutions of the following titles, in which the concurrence of the House is requested:

S. 631. A act to permit veterans to suspend or delay their programs of education or training under the Veterans' Readjustment Assistance Act of 1952 in order to perform services as missionaries;

S. 967. An act to extend the duration of the Hospital Survey and Construction Act (title VI of the Public Health Service Act);

S. 977. An act to amend the National Science Foundation Act of 1950;

S. 1492. An act to require the establishment of adequate provisions relating to the appointment or retention of certain female Reserve personnel with minor or dependent children;

S. 1515. An act granting the consent of Congress to certain Western States and the Territories of Alaska and Hawaii to enter into a compact relating to higher education in the Western States and establishing the Western Interstate Commission for Higher Education;

S. 1665. An act to amend the Federal Credit Union Act;

S. 1684. An act to facilitate civil-service appointment of persons who lost opportunity therefor because of service in the Armed Forces after June 30, 1950, and to provide certain benefits upon appointment;

S. 2033. An act relating to the labeling of packages containing foreign-produced trout sold in the United States, and requiring cer-

tain information to appear on the menus of public eating places serving such trout;

S. 2097. An act to increase the amount authorized to be appropriated for the construction of the Eklutna project;

S. J. Res. 3. Joint resolution proposing an amendment to the Constitution of the United States relative to the taking of private property; and

S. J. Res. 37. Joint resolution to authorize the erection of a memorial to Sara Louisa Rittenhouse in Montrose Park, D. C.

The message also announced that the Presiding Officer of the Senate had appointed Mr. TOBEY, Mr. SALTONSTALL, Mr. BRICKER, Mr. HOEY, Mr. SMITH of North Carolina, and Mr. KENNEDY as members on the part of the Senate of the Joint Committee on Observance of the Fiftieth Anniversary Year of Controlled Powered Flight created by Public Law 32, 83d Congress.

The message also announced that the Vice President has appointed Mr. CARLSON and Mr. JOHNSTON of South Carolina as members of the joint select committee on the part of the Senate, as provided for in the act of August 5, 1939, entitled "An act to provide for the disposition of certain records of the United States Government," for the disposition of executive papers referred to in the report of the Archivist of the United States numbered 53-11.

CORRECTION OF THE RECORD

Mrs. CHURCH. Mr. Speaker, the first page of the remarks that I made yesterday does not appear in the RECORD. I ask unanimous consent that the permanent RECORD be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentlewoman from Illinois?

There was no objection.

CORRECTION OF ROLL CALL

Mr. O'HARA of Illinois. Mr. Speaker, on rollcall No. 56 I am recorded as not voting. I was on the floor of the House and voted "yea." I ask unanimous consent that the appropriate correction be made in the permanent RECORD.

The SPEAKER. Without objection, the correction will be made.

There was no objection.

SPECIAL ORDERS GRANTED

Mr. PRICE asked and was granted permission to address the House today for 30 minutes, following the legislative business of the day and any other special orders heretofore entered.

Mr. WHEELER asked and was granted permission to address the House on Monday next for 1 hour, following the legislative business of the day and any other special orders heretofore entered.

Mrs. ROGERS of Massachusetts asked and was granted permission to address the House today for 5 minutes, following the legislative business of the day and any other special orders heretofore entered.

CORRECTION OF ROLL CALL

Mr. HOSMER. Mr. Speaker, on rollcall No. 56, I am recorded as paired. I was present in the House and voted "yea." I ask unanimous consent that the permanent RECORD be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

CORRECTION OF THE RECORD

Mr. WAINWRIGHT. Mr. Speaker, I ask unanimous consent to correct the permanent RECORD. On page 7085, in the third column, line 31, the word "intentional" should be "international."

The SPEAKER. Without objection, the permanent RECORD will be corrected accordingly.

There was no objection.

GENERAL LEAVE TO REVISE AND EXTEND REMARKS

Mr. VORYS. Mr. Speaker, I ask unanimous consent that all Members who may speak today on the bill H. R. 5710 may have leave to revise and extend their own remarks.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

CALL OF THE HOUSE

Mr. SMITH of Wisconsin. Mr. Speaker, a point of order. I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. ARENDS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 59]

Becker	Gubser	Oakman
Blatnik	Hale	O'Brien, N. Y.
Bolling	Harrison, Nebr.	O'Hara, Minn.
Buckley	Hoffman, Ill.	Philbin
Bush	Jackson	Phillips
Chudoff	Kee	Powell
Crosser	Kilday	Radwan
Davis, Tenn.	Kirwan	Rivers
Dawson, Ill.	Lantaff	Saylor
Dies	McIntire	Staggers
Dingell	Machrowicz	Sutton
Dodd	Mack, Ill.	Teague
Dolliver	Martin, Iowa	Wigglesworth
Fine	Miller, Md.	Wolcott
Fogarty	Morrison	Young
Gamble	Moulder	

The SPEAKER. On this rollcall 379 Members have answered to their names; a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

MUTUAL SECURITY ACT, 1951

Mr. CHIPERFIELD. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 5710) to amend further the Mutual Security Act of 1951, as amended, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 5710, with Mr. ALLEN of Illinois in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday the Clerk had read the first section of the bill.

If there are no amendments, the Clerk will read.

The Clerk read as follows:

CHAPTER I—MILITARY ASSISTANCE

SEC. 101. Authorization of appropriation: The Mutual Security Act of 1951, as amended, is amended by adding at the end thereof the following new section:

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 540. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$2,079,689,870 to be available under section 101 (a) (1) (relating to military assistance for Europe); of which not less than 50 percent shall be made available only for the organization referred to in clause (C) of section 2 (b); \$305,212,637 to be available under section 201 (relating to military assistance for the Near East and Africa); \$1,081,620,493 to be available under section 301 (relating to military and other assistance for Asia and the Pacific); and \$15 million to be available under section 401 (relating to military assistance for Latin America)."

Mr. SMITH of Wisconsin. Mr. Chairman, I offer an amendment which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Wisconsin: On page 2, line 2, strike out "\$2,079,689,870" and insert "\$1,750,503,870."

Mr. SMITH of Wisconsin. Mr. Chairman, the amount which is inserted in this amendment means I am asking for a reduction in the amount of \$329,186,000.

If you will refer to the committee report, on page 12, the specific items which I am concerned with involve \$21,189,000

for Portugal; \$91,091,000 for Spain, and \$216,216,906 for Yugoslavia.

Before I get into a discussion of these amounts, I want to submit to the committee a statement made by Mr. Stassen's evaluation team on the mutual security program. This report is one signed by Mr. Francis, chairman of the evaluation teams, and I am going to read from page 3 of this so-called evaluation report of March 24, 1953.

Mr. Francis and his committee say this:

Broadly speaking, each country has improved economically, has significantly strengthened its military establishment, has a more hopeful view of the future and a new-found will to progress and survive. From the standpoint of economic aid, this has been accomplished within original estimates of cost.

Because of the improved situation, further financial aid for economic purposes should be reduced substantially for the next year and generally discontinued by June 1954. There are some specific and important exceptions to the above general statement such as exist in the Far East. The situation affecting each country should be considered separately on its individual merits. Some countries must have further economic aid if current military and other objectives are to prevail.

The time has come to apply practical action to the realization that friendship cannot be bought but must be earned. The "rich uncle, poor nephew" concept describes a relationship which has become objectionable to many of our friends. A growing sense of independence may well be construed as further evidence of a return to economic strength. No self-respecting country likes to depend on gifts.

Mr. Chairman, in considering the amount of the cut, which is \$329,186,000 as applied to the military assistance program in Europe, I am not at liberty under the rules of the House to discuss this matter as I would like to because of the cloak of secrecy that involves this particular item.

Mr. O'KONSKI. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield.

Mr. O'KONSKI. The gentleman might mention that those figures which are supposed to be kept secret from us are kept secret only from us; everybody else knows about them, including the Kremlin.

Mr. SMITH of Wisconsin. I do not think we have any knowledge of that fact, but it is entirely possible that these secret figures are public property. They are, of course, set out here in the report of the committee, and I will go no further to discuss the exact amounts involved in the matter. I cannot, of course, discuss the specific items that are involved, because of secrecy.

In this matter of \$21,189,000 for Portugal, I think there is the least justification for that of any item in the bill, but we are not appropriating or authorizing any such amount. Portugal is today perhaps one of the most prosperous countries of Europe.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

(On request of Mr. McCORMACK, Mr. SMITH of Wisconsin was allowed to proceed for 5 additional minutes.)

Mr. SMITH of Wisconsin. The value of money in Portugal is on a par with that of the United States. It is actually doing very little from the standpoint of the NATO organization, although it is a member of the NATO organization. The only value that it has—and for the life of me I cannot find any justification to authorize such an amount—is in its agricultural resources. But we have not been called upon by Portugal for any extensive aid in that direction, and I do not believe that we ought at this time in view of our financial situation to authorize \$21,189,000 for Portugal.

Mr. KERSTEN of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield.

Mr. KERSTEN of Wisconsin. Does that apply to economic or military aid? Can the gentleman state that?

Mr. SMITH of Wisconsin. Chiefly economic.

In the matter of Spain, I have always supported authorizations for Spain. It may seem strange that I am asking that this amount of \$91,091,000 be deleted. But I do it for the reason that the testimony was to the effect there is in this account still \$125 million unspent. There is no need for further authorization at this time. It can be said without contradiction it has not been spent because there has really been no desire on the part of those who are administering the fund, in the absence of specific agreements, to enter upon this program. So I submit that while this is true, while the \$125 million is still on hand, we are not justified in authorizing another \$91 million on top of that.

Mr. GAVIN. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield to the gentleman from Pennsylvania.

Mr. GAVIN. Can the gentleman give us any reason why the executives in charge of this \$125 million have not worked out a program where it could become available and be used.

Mr. SMITH of Wisconsin. There has been a good deal of pulling and hauling between Spain and our own authorities with reference to agreements. They have been unable to resolve differences of views in this matter.

Mr. GAVIN. How long has this \$125 million been available to them?

Mr. SMITH of Wisconsin. For the past 2 years at least.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield to the gentleman from Michigan.

Mr. DONDERO. How much money remains unspent of the money heretofore appropriated for foreign aid?

Mr. SMITH of Wisconsin. I think according to the last fiscal statement we had it was about \$11,332,000,000.

Mr. DONDERO. \$11 billion?

Mr. SMITH of Wisconsin. Yes. But we get into this whole problem of obligations by that question. We were told by Mr. Stassen that by the end of June all has been obligated except \$400 million. Of course, if that is true then they have been obligating it at a terrific pace in the last 30 or 60 days.

Mr. KERSTEN of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield to the gentleman from Wisconsin.

Mr. KERSTEN of Wisconsin. I would like to ask the gentleman whether or not in connection with the difficulties of arriving at agreements with Spain any pressure from other allies, for example, England, has been a factor in that difficulty?

Mr. SMITH of Wisconsin. There is no question about that, but so far as I am concerned it would be hearsay.

Mr. JOHNSON. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield to the gentleman from California.

Mr. JOHNSON. Last summer I was in Spain on behalf of the Armed Services Committee studying the situation over there. They were then actively negotiating in order to try to get bases, but they have not yet resolved their differences. Would the deletion of this \$91 million affect those negotiations?

Mr. SMITH of Wisconsin. It is my understanding it would not.

Mr. JOHNSON. The sum on hand prior to this is adequate, in the gentleman's opinion, to care of the acquisition of bases that some think are necessary?

Mr. SMITH of Wisconsin. It is.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield to the gentleman from California.

Mr. McDONOUGH. The \$125 million that has not been spent will still be available after the amount the gentleman is seeking to knock out is deleted?

Mr. SMITH of Wisconsin. Yes, indeed.

Mr. McDONOUGH. In other words, the amount the gentleman is seeking to knock out will not become available to Spain, according to the schedule, for another 2 years?

Mr. SMITH of Wisconsin. I think it is fair to assume at least for another year.

Mr. McDONOUGH. Another year?

Mr. SMITH of Wisconsin. At least. I urge the adoption of my amendment.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. HALLECK. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Wisconsin [Mr. SMITH].

(By unanimous consent, Mr. HALLECK was allowed to proceed for 5 additional minutes.)

Mr. BENTLEY. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Michigan.

Mr. BENTLEY. In response to the question of the gentleman from Michigan as to the amount of unexpended funds as of June 30, it is estimated that the amount of military funds unexpended is \$9.4 billion, the estimated expenditures for the fiscal year \$6.8 billion. I am quoting from the committee report.

Mr. HALLECK. I thank the gentleman.

Mr. Chairman, I did not take any time in the general debate because there were

many wanting to speak, especially the members of the committee who have worked diligently and well in studying this whole matter and in bringing it to you. Necessarily they are the most expert of any among us on the provisions of this bill, and so well was it that they had the time.

But, Mr. Chairman, I do feel compelled to speak not only on the pending amendment, but generally as to my attitude as majority leader in respect to this legislation and as to the attitude of the administration, as I understand it to be.

Let me say first of all that as a youngster just turned 18 I was voluntarily inducted into the Army in 1918. I did not get in long enough to see very much service, but I did see a little of it. I did not know what the war was all about beyond the fact that my country was in a war, and being in a war the only thing I knew to be done was to win it. Then I went on through school, practiced law for a while, came on to Congress, where I served in those difficult, troublesome days leading up to our entry into World War II. Suffice it to say that I was not too anxious for this country to get into that war. The record will show that I opposed many measures which I thought would involve us in a war. My principal reason for not wanting to get into it was that no one could show me the arithmetic by which we could win the peace. To my mind, to involve our country in a war, unless we can see some reasonable prospect of winning the peace, indeed presents a troublesome problem. For some of those beliefs before Pearl Harbor I was castigated in campaigns, as recent as the last one. However, be that as it may, after we got into that war and won it, I said, "We have won the war, and while there was no arithmetic shown to win the peace, I will do everything I can to win the peace." As a result, when the United Nations was presented, I supported it; it was the only thing to do. I had serious misgivings about it because my study of history had indicated to me that nations fight and win wars, and immediately they are won, nations start realining to get ready for the next one. I was afraid history would repeat itself, and that is very much what has happened.

We are in a war in Korea. We are threatened with cold wars. We have been for some years in the process of certain realignment, yes, it is said technically, within the limits of the United Nations Charter, but with all of that I am hoping that we still have a chance to avert a great war of aggression on the part of the Communists of Russia and their satellite countries and keep, at least, from further war in the world.

Now, as I indicated yesterday, as many of you know, I was the majority leader in the 80th Congress which, I think, rather strikingly put through all the legislation having to do with the foreign policy of this country for which any degree of success can be claimed. Rightly or wrongly, when the Russian intention became clearly evident to certain people of this country who had been too blind to see before that time, we were called upon to grant aid to Greece and Turkey

and interim aid to France and Italy. Now that was followed by the presentation of the Marshall plan, and whether for better or for worse, I supported the Marshall plan which was enacted in the 80th Republican Congress.

Now briefly I would tell you some of the things that impressed me at that time. One was the Russian threat that was becoming very, very evident; the other was that I thought we needed friends somewhere around the world and also—and possibly this is a little cynical—having seen this country twice become engaged in wars in Europe, I became convinced that if another war broke out there we again would become involved in it. So it occurred to me, rightly or wrongly, that possibly we should do what we could to avoid the outbreak of war in Europe.

Then there was another thing that impressed itself tremendously upon me. We had seen the use of an atomic bomb in the closing days of World War II. We had reason to believe that the Russians would soon be able to develop and have for use an atomic bomb. A long-standing friend of mine, well versed in international affairs, said this thing to me that I do not think can be denied, that in an age of atomic warfare that nation which is isolated is at a great disadvantage.

In other words, here is what I mean. Today, certainly in some measure, an advantage exists by reason of these programs that have been carried on. Our bombers, I trust and I hope, and our atomic bombs are sitting close to the boundaries of the Russians, there for whatever action may be needed. But thank goodness, as I understand, the Russian bombers can only get at us if they come over the North Pole, and so far as I have been able to understand and know, they do not have bombers than can come over the North Pole, deliver an atomic bomb in this country, and get back to Russia.

I heard in the debate yesterday that these programs had not prevented war, that we are in war in Korea. Of course, the conduct of our foreign affairs in the Pacific has been entirely different from the conduct of our foreign affairs in Europe. May I say to my friend from the Republican side of the aisle that for that conduct in Asia we had no responsibility, but we have had and continue to have a tremendous responsibility in respect to the conduct of our foreign affairs in Europe; yes, and as of today we now have the responsibility for the conduct of our foreign affairs in the Pacific and the Far East, which is dealt with in this measure.

I have felt the same frustrations that many of us have felt in respect to the conduct of our allies, our friends, whom we are trying to help. I have wished on many occasions that they would do things differently, that they would quit their bickering, that instead of criticizing us they would speak in friendly terms of us, because we desire no conquest, all we want is to help our friends, people who would be our allies, and to maintain peace in the world against threatened Communist aggression.

As I say, we have not had that, but I do say we have achieved a very considerable measure of success in our foreign policy in Europe, not the least of which, may I say again, is that I think we have there on those airfields and bases, some of them ours and some of them belonging to foreign countries, the strongest deterrents to Communist aggression we could possibly have.

As far as we on our side are concerned in this matter of collective security, and as far as I am concerned, I think we are committed to a continuation of this program. I recognize, of course, the right of every individual here who has consistently voted against it to maintain his position. But may I say only that in the declaration of principles that we Republicans issued in 1950 we said:

We advocate a strong policy against the spread of communism or fascism at home and abroad, and we insist that America's efforts toward this end be directed by those who have no sympathy either with communism or fascism.

We support aid to those states resisting communism but such aid should be given only if it is essential to our national security, if it is within the total limits which the American economy can afford, if it will be effective, if it is beyond the ability of the aided nation to supply for itself, and if there is a program for progressive reduction.

And the platform declared for a program of collective security.

In my opinion, this bill that is before us, after weeks and weeks of hard work by the committee; substantially meets the commitments of our declaration and of our national platform.

(By unanimous consent, Mr. HALLECK was allowed to proceed for 5 additional minutes.)

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Iowa.

Mr. GROSS. What are the capabilities of the American taxpayers to continue to carry this load, with \$270 billion of debt?

Mr. HALLECK. I will address myself to that.

I think that this figure, as it has been reduced, as these appropriations have been reduced, is within the capacity of the American economy to support.

Let me go to another matter in respect to this statement; and I think this is no violation of the confidence implicit in these White House conferences. I went to the White House conferences when I was the leader in the 80th Congress. It was there that we had proposed to us the first time some of these programs that I have talked about. But when we came to discuss this aid program, this mutual assistance program, very early in the game, the question came up down there, shall we cut this down to where we think it ought to be, or shall we keep it high and then let the Congress cut, say, \$1 billion?

I said, "Let us cut it down to where you think it is down to the bare minimum, because I do not think the Congress of the United States at this juncture wants to put itself in a position of being in a wide-open conflict with what the best judgment is in the administra-

tion. Do not put a figure in for bargaining purposes, but put in a figure that you think is realistic."

What has happened in respect to this figure? The Truman budget had the figure at \$7.6 billion. I say it is to the credit of the Eisenhower administration and the people working in it, that they cut it down successively to \$5.4 billion. I have no quarrel with the action of the committee in cutting it down to \$4.9 billion. I shall oppose efforts to remove those committee cuts, as I am here opposing serious, drastic cuts that would bring the figure below \$4.9 billion.

Some question was raised as to the uncertainty here in the future in the world. Some suggestion was made that we cannot legislate here because we do not know what is going to happen in Korea; we do not know what is going to happen in Italy. Let me say this. I have confidence in the Eisenhower administration to administer this program frugally and efficiently and well, as they have committed themselves to administer every other program for which we have appropriated money.

Some criticism was made of haste in respect to this program. I want to take my large share of responsibility for that. I do not think it has been undue haste. But we must all understand before the appropriation can be acted upon for this program, this authorization act must be carried to a conclusion.

Mr. DORN of South Carolina. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from South Carolina.

Mr. DORN of South Carolina. I want to know if the gentleman from Indiana [Mr. HALLECK] can give the House any assurance concerning the statement that the President made the other day that this program will continue for at least 10 years?

Mr. HALLECK. I do not recall that the President made any such statement as that. I think he said that the tensions of the cold war may continue for 10 years. As far as I am concerned, from what I have seen of the Russian situation, I am not prepared to refute that. I should hope that the disturbances in East Germany which have been referred to here, and certain other manifestations, might indicate a relaxation of that threat. I am not sure. But as of the moment I do not believe that we can put our faith in that.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. I should like to call attention to two of the countries, Portugal and Spain, which are two of the strongest anti-Communist countries in the world; they are pro-Christian; they are geographically located where they are vital to the national interest of our country. Portugal owns the Azores and the Cape Verde Islands, which are a relatively few hundred miles away from our own shores. It seems to me vitally important that we include those countries in this program.

Mr. SMITH of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Wisconsin.

Mr. SMITH of Wisconsin. I should like to call the attention of the distinguished gentleman from Massachusetts [Mr. McCORMACK] to the fact that \$216 million is included for one of the outstanding Communist countries in the world.

Mr. HALLECK. As far as Spain is concerned, I would like to remind the gentleman from Massachusetts [Mr. McCORMACK] that some years ago we had an amendment to include Spain; I am not so sure but that the gentleman from Wisconsin [Mr. SMITH] offered it.

The CHAIRMAN. The time of the gentleman from Indiana has again expired.

(By unanimous consent, Mr. HALLECK was granted 5 additional minutes.)

Mr. HALLECK. Of course, a great hullabaloo arose. I understand some of the practical problems that are presently before us. If it appeared that perhaps Spain is the place where you are going to make your stand, certain other countries behind that and in between Spain and Russia might say, "Look out. Are you throwing us to the wolves? Are you writing us off?" We have to understand all of the things that must be dealt with by an alert, intelligent, and efficient administration that just cannot be talked about too much, in view of the situation in the world.

Mr. NICHOLSON. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Massachusetts.

Mr. NICHOLSON. I would like to ask the gentleman from Indiana if this is a party measure, this question of appropriating this money.

Mr. HALLECK. If I understand the gentleman's question, as a party measure I do not think it is any more the responsibility of those on our side of the aisle than it is those on the other side of the aisle. There are Democrats whose speeches indicated that they are violently opposed to any of this program. There are Republicans who are violently opposed to any of this program. But in respect to the Republican Party, I think by our declarations, by our platform, and by the position of the administration, and particularly the action of the majority of the committee, I would expect that under the circumstances, in the absence of commitments, extreme personal convictions or something like that, the majority of us on our side would feel some obligation to go along with this program.

People say the whole program ought to be junked; the whole thing ought to be terminated immediately. We have new administration. Let us change the whole thing. Again, rightly or wrongly, this foreign policy has developed through the years. I hold it ought to be subject to constant study, to re-examination, to a determination as to whether or not it is giving us the sort of protection we ought to have. I anticipate the Eisenhower administration will be giving it that kind of study. For myself, with the President, the people around him, his Cabinet and his advisers; and, generally speaking, I think most of the Republi-

cans in the country, saying at the moment at least, "The only thing to do is to continue this program within reasonable limits," I say it would be folly indeed for the Congress of the United States at this point to take the responsibility for absolutely killing the program. As a matter of fact, I do not believe there would be 50 votes in the House to kill the whole program.

Some question has been raised as to the continuation of the program, and what might be indicated by the President's position. Of course, those from my area know that the President, before the convention, was viciously attacked in many newspapers of wide circulation for being a man who stood for this program. For that reason, they suggested, he should not be nominated. But he was nominated. I think it is also a matter of record that many newspapers continued to challenge him, and to question his fitness as a candidate for President, because, they said, "He has been in Europe. He has been the head of NATO, and he will likely carry on this program." But what happened? If you want to look for a vote of confidence in my State, I did better than I ever did before, carrying my district by upwards of 42,000, from a low of 15,000 in 1948. But Eisenhower carried my district by 55,000, and he carried the State of Indiana by 300,000. One of our State candidates carried it by 200,000 and another one by 100,000. In my opinion, the people of my State demonstrated their conviction that they had in Eisenhower a man they needed in this hour, and I think that situation still prevails.

I said a moment ago, and I say it again, I think since this figure has been reduced from \$7.6 billions to \$4.9 billions covering all these wide ranges, that it is a reasonable figure. I am likewise convinced that if that were to be substantially reduced or eliminated completely we would have to spend untold billions more in an effort to protect ourselves at the shores of our land. Because I believe that, I hope this action prevails.

Mr. FULTON. Mr. Chairman, I offer a substitute amendment.

The Clerk read as follows:

Amendment offered by Mr. FULTON as a substitute to the amendment offered by Mr. SMITH of Wisconsin: On page 2, line 2, strike out "\$2,079,689,870" and insert "\$1,979,689,870."

Mr. FULTON. Mr. Chairman, I would say in the beginning—

Mr. KERSTEN of Wisconsin. Mr. Chairman, will the gentleman yield for a consent request?

Mr. FULTON. I yield.

Mr. KERSTEN of Wisconsin. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

POW'S IN KOREA

Mr. KERSTEN of Wisconsin. Mr. Chairman, the Reds in Korea are the last ones in the world to talk about sincer-

ity in connection with the handling of prisoners of war.

During the course of the war, by their own admission the Reds themselves released between 40,000 and 50,000 otherwise unaccounted for South Korean prisoners.

They claimed, of course, that they "re-educated" these prisoners in North Korea.

But all the evidence shows that this vast number of unaccounted-for prisoners taken by the Reds were either forcibly pressed into their labor battalions or the Red armed forces or they were murdered.

The Communists' cry of "outrage" at Rhee's giving prisoners of the UN their freedom is fantastic in view of the indisputable evidence of wholesale murder of many of the prisoners the Reds took, some of which murdered victims were American boys. I have several photographs taken of the bodies of prisoners of the Reds, some of whom, from the pictures, appear to be American, with their hands tied behind their backs and a bullet hole in the back of the head.

At any rate, when the Reds now shout "Where are our 25,000 prisoners whom Rhee permitted to escape?" the answer is obviously "Where are the forty to fifty thousand who were 'reeducated' in North Korea? Of course, we found some of them in ditches—murdered."

Mr. FULTON. Mr. Chairman, I would start out with an explanation of what this amendment does. This amendment cuts \$100 million from the figure \$2,079,000,000 in the second line of page 2, as the figure for military assistance to Europe.

The reason for the amendment is this: If you will look at page 12 of the committee report, you will see a list of the countries which are receiving this military assistance and also defense support, which is economic aid. Look at the bottom line and you will see for the 1954 fiscal program that Yugoslavia has been listed for \$216,906,000 for military aid and also \$45 million for defense support. This totals for the fiscal year 1954 program \$261,906,000 for Yugoslavia. Because it is a secret figure I am not allowed to discuss with you the amount of the overhang there is at the present time in the Yugoslav program for previously authorized aid that is unexpended. But I may say to you that the amount is big—that is unobligated, unexpended, or whatever you want to call it. Does this Congress want to add further to the unexpended unobligated amount to a country such as Yugoslavia? My amendment is different than the Smith amendment because I feel that aid to Spain is necessary; I think we must have aid for Spain. I believe the \$125 million unspent for Spain is fair; it should be given to them in the interests of our mutual security. I believe the \$91,091,000 new authorization that is in this bill for Spain for 1954 for military purposes is necessary as we are now dealing in respect to bases in Spain. I also believe that the defense support of \$10 million, which should go into projects like building up their railroads and to help them modernize their arms and equipment, is nec-

essary. Likewise, I have been to Portugal in the last 2 years and I feel that Portugal, as a member of NATO, is a good ally of ours. We need the Portuguese cooperation in the South Atlantic. We need the Azores as a base for our protection and defense. The gentleman from Pennsylvania, Representative CORBETT, the gentleman from Oregon, Representative NORBLAD, and I spent a day looking over our military installations there a few weeks ago.

Mr. CHELF. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from Kentucky.

Mr. CHELF. I apologize to the gentleman and I want to thank him for this moment. I just read on the ticker tape a statement that I think the House will be interested in. The Supreme Court has just voted to set aside the stay of execution in the Rosenberg case. Praise God, from whom all blessings flow. We thank the Supreme Court.

Mr. WILLIAMS of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from Mississippi.

Mr. WILLIAMS of Mississippi. Do I understand that the gentleman's amendment reduces the amount of money that we are giving away under the program?

Mr. FULTON. It certainly does. It cuts off \$100 million from the program for this coming year 1954, programed for Yugoslavia when there is \$261 million programed. Under the present circumstances I think that is too much, and we can well postpone for a year putting in the whole amount of aid proposed, in order to see what transpires in this area, and to see whether the present government gives more freedom and rights to the poor Yugoslav people.

Cuts of \$300 million and the \$476 million made by the Foreign Affairs Committee in this bill were made on my amendments, which were accepted by the committee as justified. In addition, the administrative personnel will be cut by 566 from the total on the payroll under this foreign-aid program as of January 31, 1953.

(By unanimous consent, Mr. FULTON was allowed to proceed for 5 additional minutes.)

Mr. HAGEN of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from Minnesota.

Mr. HAGEN of Minnesota. I generally have opposed all of these aids to Europe. I favor cuts in every possible manner. Does the gentleman realize when he asks for this special cut for Yugoslavia and when he mentions Spain, as wanting money to repair railroads and so forth that Yugoslavia in the last war suffered much more destruction, and lost practically every railroad car in the country, every tunnel, every canal, and every bridge was destroyed; so they need more money than Spain would need in this program if you are going to have a program.

Mr. FULTON. The gentleman asks, Why cut Yugoslavia on military aid when Yugoslavia had many installations and many railroads destroyed, and Spain,

the gentleman says, should have less money than Yugoslavia for such purposes? Actually that is the case in the program. There is only \$10 million worth of defense support for Spain and economic aid for Spain, while for Yugoslavia there is \$45 million for defense support and economic aid. Actually my amendment does not cut economic aid for Yugoslavia. It is to cut excess military aid. And may I finish that point by saying the reason for that is I think we have to hold back a little to make sure our aid is not misused or lost. We could still give it to Yugoslavia next year. But when Tito refuses to let adequate United States military assistance groups see the operation of our equipment I object strongly. Yugoslavia is the only aided country in the world that prevents adequate military assistance groups of the United States from checking the military equipment once we deliver it to them, and the only one under this program. Why should we deliver to Tito this military equipment, which I cannot describe for security reasons, when they will not let us have any control over its use? Yugoslavia will not join any one of the organizations for defense of Europe. I say we should do the same for Yugoslavia as we do with Turkey and Greece. My point is treat Yugoslavia just as you do Turkey and Greece, and require the same cooperation from Yugoslavia.

Mr. O'KONSKI. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from Wisconsin.

Mr. O'KONSKI. I would like to know what is the use of sending jet planes to Yugoslavia? We sent 18 in one batch. They did not have any fliers to fly them. They sent 3 to America to get some training and when the 3 arrived in America they asked for haven in America and did not want to go back to Yugoslavia.

Mr. FULTON. In answer to the gentleman, because my lips are sealed by security, I would point this out: Look at page 12, table 1, "Europe," and on the list you will see "Yugoslavia, mutual defense material and training, \$216,996,000." Then look down under (1) below and you will see what that is for: "This is direct military assistance, including tanks, planes, weapons, ammunition, and so forth."

Last year I was on the floor pleading that if you gave jet planes to Yugoslavia, put proper conditions on the delivery. We should aim at restoring full freedoms and democratic rights to the oppressed peoples under dictatorships anywhere. We in America should stand firmly against communism, imperialism, colonialism, and denial of rights of peoples subject to totalitarian regimes everywhere.

My amendment intends that if we are going to give Yugoslavia this \$261 million in military aid in 1954, hold back \$100 million of it until we see what is happening next year, and that will not hurt the program.

Let us have a bargaining position that our State Department people will have to come up with agreements to guarantee

more freedoms in Yugoslavia and to guarantee with proper safeguards against the defection of Yugoslavia, or the misuse of our military aid against Italy. We heard rumors from Yugoslavia that they are raising the devil with the people in our United States departments because we will not knuckle to them and give them things on a silver platter without conditions.

Mr. SMITH of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from Wisconsin.

Mr. SMITH of Wisconsin. Will the gentleman point out just where this \$100 million saving will be made? Is the gentleman speaking in general terms?

Mr. FULTON. The \$100 million is going to come out of the general program for military assistance for Europe but is intended to be deducted from the item of military assistance for Yugoslavia in the 1954 program.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from South Carolina.

Mr. RICHARDS. Would the adoption of the gentleman's amendment or the Smith amendment, either one, assure that the cuts would be placed against the countries that the gentleman mentioned?

Mr. FULTON. I understand that they will.

Mr. RICHARDS. I do not see how the gentleman figures that.

Mr. FULTON. We have previously on the committee requested the department to make certain cuts in line with certain positions taken by the committee, to which the Government agencies have conformed, and I believe that that can well be done from the point of view of this debate.

Mr. RICHARDS. It could well be done, but necessarily it would not be done.

Mr. FULTON. The department, I hope, will not ignore the intention of Congress as shown by this debate. This amendment is presented for a simple cut of only 5 percent in the total funds for Europe, to prevent military assistance going to a country that will not permit adequate military observers. I think this cut is necessary.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. HAGEN of Minnesota. Mr. Chairman, I ask unanimous consent that the gentleman be permitted to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

Mr. WILLIAMS of Mississippi. Mr. Chairman, reserving the right to object, are other Members going to be accorded the same courtesy?

Mr. FULTON. I will be glad to. As a matter of fact, I have not had time to make my own statement. I yielded to the gentleman and others.

Mr. VORYS. Mr. Chairman, further reserving the right to object, I shall not object in this instance, but I would not want to promise that we will not be at-

tempting to limit debate sometime during the day. The gentleman has had considerable time, and I certainly would not want this one to go by with the idea that there is any promise that there will not be, at the appropriate time later in the afternoon, a limitation of debate.

Mr. RAYBURN. Mr. Chairman, further reserving the right to object, I think that this is the crux of the bill, and after we get over this we will move along rather hastily. I trust there is no evident purpose, at the moment, at least, to limit debate. Let us run along until we have had a chance to thoroughly discuss this matter. The time may come later when it will be necessary to limit debate, but I hope there will be no attempt to do so now.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

Mr. WILLIAMS of Mississippi. I object, Mr. Chairman.

Mrs. KELLY of New York. Mr. Chairman, I rise in opposition to the Smith amendment and to speak on the Fulton amendment.

Mr. Chairman, first of all may I say that I understand the confusion of some of the Members on the left side of the aisle in reference to the Mutual Security Act of 1953. Some of them opposed a mutual security program or they voted to cut it. They voted against the mutual security bill last year, and they voted against the appropriation. I believe that includes those who wrote the minority report. So I cannot say I believe in their minority report, that they are for any mutual security program.

Mrs. CHURCH. Mr. Chairman, will the gentlewoman yield? She referred to the Members who wrote the minority report, and I should like the privilege of asking her to yield at this time.

Mrs. KELLY of New York. I yield to the gentlewoman from Illinois.

Mrs. CHURCH. I would just like to put in the RECORD that this particular Member of the minority has in fact record votes on having voted aid abroad, both military, and, in the case of India, economic.

Mrs. KELLY of New York. May I ask the gentlewoman a question? Did she vote for the mutual security bill last year, and did she vote for the appropriation for the mutual security bill?

Mrs. CHURCH. The gentlewoman is right. I was quite consistent. I did not vote for the Mutual Security Act last year nor did I vote for the appropriation, but I have voted for both military and economic aid abroad.

Mrs. KELLY of New York. I think the record speaks for itself.

In speaking to the amendment offered by the gentleman from Pennsylvania [Mr. FULTON]—and I favor the adoption of his amendment—may I say that I hope he will withdraw the amendment at this point in the bill and offer it to page 11, where I have a similar amendment to offer, where it specifically refers to unexpended balances. I think his amendment should be offered at that point and I will support it.

I now address myself to the Smith amendment. I am opposed to the amend-

ment and I want to explain my reasons. First of all, on page 295 of the hearings in my questioning of Secretary Humphrey, it was brought out clearly that Mr. Humphrey believes the unobligated should be deducted from the future appropriation. He states he thinks it ought to be reduced. He adds that it will not help our expenditures this year but it will help bring down those prior obligations which eventually helps the budget. However, we did that in committee.

I also brought out the fact that Mr. Wilson believed that the cut should not be made. That was in answer to a question by the gentleman from South Carolina [Mr. RICHARDS], who asked if they did not need this unobligated and unexpended balance for elbowroom, and he answered that they not only needed it for elbowroom but that it was needed; it was not authorized or appropriated without a program in view, but it just meant that they, the new administration, needed a new look and to revise and possibly renegotiate that portion of the program. Therefore, I oppose the Smith amendment. I support the Fulton amendment and I hope that the gentleman from Pennsylvania will support my amendment when it is offered to delete aid to Yugoslavia.

Then on page 337 of the hearings, in a question to General Stewart I brought out the fact that when General Bradley appeared before our committee, he explained the recommendations in the Eisenhower budget. On April 29 General Bradley received from the Secretary of the Treasury, Secretary Humphrey, a request to bring his defense recommendations within the \$5,800,000,000 requested. It was too short a period to revise and study the entire program, so it was necessary for them to make a 15-percent cut across the board.

I do not think that this is any way to arrive at what is needed for the defense of our country, so I would really defend the right to appropriate more in this bill in certain instances and I so told General Bradley—and the members of the Eisenhower administration who appeared before the Foreign Affairs Committee.

I want to take up at this particular point that the Eisenhower administration states that a 30-percent increase will be made in the combat effectiveness of the forces in our defense. This I know will be true because of past authorizations and appropriations. Those appropriations are now bringing equipment off the assembly lines. They are the long-lead items which we need.

I agree with that, but I want to say that this increased combat effectiveness will generate from our past program. And along this line on page 429, I asked that question of General Ridgway; if he was satisfied with the present new approach, which is a stretch out in preference to the momentum we had hoped to achieve in the past program. General Ridgway stated, "My greatest apprehension would be that there would be any loss of momentum. I would regard that with very deep concern."

So at this point I should like to say that we should not only vote against

the Smith amendment, but I hope that my colleague from Pennsylvania [Mr. FULTON] will consider withdrawing his amendment at this point in the bill and introducing it on page 11.

The CHAIRMAN. The time of the gentlewoman from New York [Mrs. KELLY] has expired.

Mr. BENTLEY. Mr. Chairman, I rise in support of the Smith amendment.

Mr. Chairman, the Smith amendment, as has been explained, takes out \$21 million from Portugal, \$91 million from Spain, and \$216 million from Yugoslavia. It is a reduction of \$329 million. With respect to Portugal, the amount there is very small. I do not think it matters too much one way or the other. With respect to the reduction as to Yugoslavia, that case has already been ably presented by the gentleman from Pennsylvania and the gentlewoman from New York, and I am not going to comment further at this time.

What I want to comment on is the \$291 million requested deduction as to Spain. I should like to read just a few brief excerpts from the hearings before our committee on this question of Spain. Mr. Wood, who is Governor Stassen's deputy, said this, in talking about Spain:

The present amount which we request be carried over is \$125 million, to which is to be added this new sum—

That is the \$91 million—

for mutual defense material and training, plus an additional sum for defense support.

That is \$10 million.

The total then will be \$125 million of carryover plus new funds.

Dr. Judd raised the question:

But why in the world should we appropriate more when we could not spend in the next year, if we got an agreement tomorrow, the money already on hand?

And Mr. Wood said:

It can be obligated within the next fiscal year.

What it means, Mr. Chairman, is that they have \$125 million already on hand for Spain, and they want a carryover of a new authorization for the next fiscal year. They are asking for this new sum of \$91 million in military assistance, plus \$10 million for so-called defense support. They admit that they will not be able to spend \$91 million plus \$10 million, or \$101 million; they would not be able to spend that \$101 million in this coming fiscal year even if they had an agreement with Spain starting as of tomorrow, and without which agreement, of course, not a penny can be spent.

I am for bases in Spain. I think it is extremely important to have Spain on our side. I believe we can get an extremely valuable contribution to our entire effort in this cold war there. But I cannot see the necessity of appropriating new money at this time when we have this tremendous carryover, and could not spend this new money in the coming fiscal year.

Mr. Chairman, I yield back the balance of my time.

Mr. SIKES. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I oppose both amendments. We have been talking for a long time about security, and we have spent a lot of money, hundreds of billions of dollars, trying to achieve it. At this late date, when we may be closer than we realize to security, before we cut military funds, let us take a careful look to be sure that we are not cutting our own security. The thing that is closest to the hearts of the Members of this Congress is the security of American boys who may be called upon to fight on foreign soil. Let us think about their security.

The fact that \$125 million was voted previously for Spain, and has not been spent, has been listed as the prime reason for eliminating additional funds which are intended for Spain. It is true, that money has not been spent, and for a very good reason. It has not been spent because an agreement between the Spanish Government and the United States Government for the use of Spanish bases by our forces and for the revitalization of Spain's forces has not been signed. But I am reliably informed that progress is being made in the discussions, and that it can now be anticipated that a full agreement will be reached within a short time. When that agreement is reached the money is going to be needed very much and it will be used very rapidly. Surely you realize that in this present day, when military costs are astronomic, \$125 million is not a big amount for the purpose in question and that it will not go far. Spain's military equipment and Spain's bases need revitalization, if they are to help to oppose Communist aggression. Once our Governments reach an agreement we shall want to be in position to revitalize them as quickly as possible.

Every outstanding military leader in our Armed Forces has attested to the importance of bases in Spain. Every military man who has expressed himself on the subject before my committee, the Subcommittee on Military Affairs of the Appropriations Committee, has testified that we need bases in Spain. Why? Because Spain is the one place in Europe that we are sure we could hold at this time if the Reds were to swarm over Europe. I assure you a superhuman effort would be made to hold all along the present line. Not a foot of ground would be relinquished willingly. But facts are facts and we may not be able to hold, unless our allies step up rearmament and unless the European Army becomes a reality. But we could hold in Spain, come what may.

Yes, Spain is the one place we know we could hold today, and you quibble over \$125 million. The passes of the Pyrenees could be defended against almost any number of invaders. This has been shown before, by troops and weapons far inferior to ours. In the event of general war, if we hold in Spain, we shall not have to go in again over the beaches, as we did in the invasion of Normandy in 1944. If we do not hold in Europe, we shall have to go in over the beaches or surrender the culture and training and education of Europe, with an industrial capacity that is almost equal to our own,

to the Red hordes. They, I assure you, would use that trained manpower, and industrial capacity to choke us to death economically or to destroy us militarily.

Let us face the facts. Think back, if you will, to the fact that it took a 3-year buildup to get ready to invade Europe before, and when we did so we suffered 100,000 casualties. Mind you, those were American casualties, 100,000 American casualties that were the price of the invasion of Europe over the beaches of France when we had no foothold such as Spain. Then there were no atomic bombs. Now there are big stockpiles of atomic bombs and we do not hold all of them. Military experts will tell you there are some military operations which do not make practical targets for A-bombs, but they will tell you without exception that a beachhead operation is a prime target for an atomic bomb. If it should be necessary for us to go in over the beaches of Europe and subject American forces to attack by atomic bombs, you will leave not 100,000 casualties, but a million casualties on those beaches. You decide now whether you want to take the gamble. Shall we risk leaving a million casualties on the beaches of Europe or possibly avoiding that by putting in the money which is requested for Spain?

Now, let us not deny that we need help. Let us not deny that we cannot be sure of the support of some of our present allies. We had better take the help of Spain. We had better take the help of Yugoslavia.

Yugoslavia's defection from the ranks of Stalinistic communism has contributed much to the strength and solidarity of our Mediterranean front. I do not care whether or not she admits American military missions. We are getting some very practical benefits from Yugoslavia. We had better take help of any power which has shown that it has the courage to stand up against communism.

Let us remember that we are trying to make the free world so strong that the Reds will not dare attack. We have made progress in the fight against communism. We still are making progress, even though it is painfully slow and at terrific cost. But let us not take the risk contained in these amendments that we may be condemning American youths to a slaughter which a few more dollars might help to avoid. I say that we may be getting a lot for a little if we support the military authorizations as they now are written into this bill. I fear it would be very unwise to change them.

Mr. HAGEN of Minnesota. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Pennsylvania [Mr. FULTON]. His amendment would throw out of balance the whole program set up by the Mutual Security Administration, throw out of balance, proportions and plans of the program as worked out by the Committee on Foreign Affairs after long weeks of study and consideration.

I want to make it clear, however, that I am for a cut in all appropriations. I am opposed to this large amount of aid

to Europe. I will vote for amendments which will make an overall cut in the appropriations. But the amendment offered by the gentleman from Pennsylvania would take away just from Yugoslavia certain millions and perhaps give it to some other country. I am opposed to that. I will favor cuts and support them but I do not feel that we should take from one country and give it to another and thus throw out of balance the program that has been set up by the committee.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. HAGEN of Minnesota. I yield.

Mr. FULTON. I cut \$100 million from the bill completely and I do not give it to any other country. My amendment cuts \$100 million from the bill completely.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. HAGEN of Minnesota. I yield.

Mr. VORYS. The gentleman from Pennsylvania referred to the military situation and the lack of observation in Yugoslavia. I call attention to page 29 of the committee report which refers to the number of military advisory groups in these various countries and says that there is a military assistance advisory group of United States officers in Yugoslavia as there is in each country. They perform the same functions, as in other countries, including inspection and end-use checks.

Mr. FULTON. Mr. Chairman, will the gentleman yield for a question?

Mr. HAGEN of Minnesota. I yield.

Mr. FULTON. I will say definitely there is no United States military advisory group in Yugoslavia. There are simply a few men under the military attaché of the United States Embassy there. If there is somebody from the State Department I wish they would correct me if I am wrong. There is not.

Mr. VORYS. Just on that point, there are other members of the committee here; I see them nodding their heads. They got information from the same source the gentleman did; and disagree with him. Therefore, I state again that there are military advisory groups there similar to the groups in other countries.

Mr. HAGEN of Minnesota. I might say, too, that the Government of Yugoslavia has invited and still invites any American citizen who wants to go there, especially Members of Congress, to go over there, make their own observations and make their own reports of what they find. They have nothing to hide.

I think every Member of Congress will agree with me that it is far better to hold any enemy back at the Danube River and at the borders of Yugoslavia than it would be to have to hold back such enemy on the plains of France or on the ridges of the Pyrennes, or in Italy. So if we are going to spend the money I think the place to put it is the place where we need it most, and that if there should be an enemy who must be stopped from overrunning Europe it is better to be able to stop it at the Danube River and on the Yugoslavia borders than elsewhere.

Mr. MORANO. Mr. Chairman, will the gentleman yield?

Mr. HAGEN of Minnesota. I yield.

Mr. MORANO. Does the gentleman expect to vote for the Smith amendment?

Mr. HAGEN of Minnesota. Yes; I made that very clear. I am for a cut.

Mr. MORANO. The gentleman wants to cut it all out.

Mr. HAGEN of Minnesota. No, but I want to greatly reduce it.

Mr. MORANO. You ask the author of the Smith amendment, I think he will tell you that.

Mr. HAGEN of Minnesota. I am here, opposing the Fulton amendment. We will consider and discuss the Smith amendment when it comes up. As I understand and as the author has advised me, it would make a general cut in the overall program.

Mr. MORANO. But if you vote for the Smith amendment you will cut all of Yugoslavia out.

Mr. HAGEN of Minnesota. I feel that after considering all the facts I must oppose the Fulton amendment. I will vote for the Smith amendment because I am opposed to all these large amounts being spent. I will vote for cuts in the general overall program.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. HAGEN of Minnesota. I yield.

Mr. GROSS. I would just like to quote a statement made by General Ridgway, Supreme Commander of NATO in Europe. He said that the Russians could capture Paris in 40 days. French General Juin declares that the Russians could take Paris in 23 days. British General Fuller described as pathetically unreal without German troops the NATO military of about 25 partially equipped divisions to face some 200 Russian divisions in the event of war. They made no exceptions as to what they could capture in Europe and this statement was made the present year.

Mr. HAGEN of Minnesota. I thank the gentleman for his contribution.

Mr. JAVITS. Mr. Chairman, I rise in opposition to both pending amendments.

Mr. Chairman, I do not like the nature of the administration of Spain or the nature of the Yugoslav administration. Both are totalitarian forms of government. We all understand that. I have the greatest feelings of friendship for the peoples of Spain and Yugoslavia. It is a rather unhappy day for me to find it necessary, either in committee or on the floor, to vote mutual-defense aid even though military to help our own defense and military capability—where such regimes are in power, but I am devoted to the cause of the free world and this must be safeguarded beyond all personal considerations. I believe thoroughly that it is essential to the security of our country that such mutual-defense aid shall be voted; therefore I am opposed to both amendments. This is based upon the hardest headed security grounds which I would like to analyze because I think it is very important.

First, to lay at rest a question which is not too critical but one that has been

raised here, I understand there are military inspections of the use and disposition of the equipment which we give to Yugoslavia by a military group called by another name from the military groups in other countries, because it has this distinction in procedure: When it goes into the field to make inspection which I understand it is completely free to do, the Yugoslavs, who are still living with Communist suspicions, insist on having our mission accompanied by their officers. So we call the mission by some other catechism of letters instead of the normal military mission titles used in the other states.

To get at the fundamental point involved, Spain is in a highly strategic part of Europe. Spain is isolated from the rest of the totalitarian world by many countries which are in the free world. When Gen. Mark Clark and General Eisenhower led our forces into north Africa their published statements and reports state they were in grave fear they might be unable to go through the Strait of Gibraltar without some hostile action by Franco, who was then on the side of Hitler and Mussolini. It seems to me that if we can secure that passage, the amount of money which is involved here is cheap and we are doing it on the straight grounds of the security of the United States and the security of the free world.

It seems to me also, looking at the totalitarian governments, of which Spain is one, it is much better to get their doors open even a little bit for the entry of ideas of freedom and our understanding of the struggle in the defense of freedom than if the doors remain shut tight. I think that is of benefit to the Spanish people. I consider that benefit in addition to the paramount consideration of the security of the free world, which on a strategic level, based on the information of our Joint Chiefs of Staff and borne out by the experience of World War II, absolutely demand protection of that entrance into the Mediterranean Sea which Spain offers. In addition, Spain is of tremendous importance as a place for airfields and naval anchorages.

As to Yugoslavia, that country has, and this figure has been mentioned time and time again, therefore it is no breach of security, 30 divisions, at least, considered to be good fighting divisions. In my opinion, the greatest blow the Kremlin has ever suffered and what will yet result in a complete recession of Russian power is the defection of Yugoslavia. Though Yugoslavia gives evidence of really meaning its defection to be final, we are still approaching the problem there in a modest, reasonable way. We are not going overboard to keep Yugoslavia in every field as the potential military strength of Yugoslavia might dictate. We are moving in slowly and doing only what is absolutely necessary in order to give those Yugoslav divisions some fighting power.

First, there is the ideological point of causing Tito to defect from the Communist world, which he did because he felt he could get better support in the free world, and he has gotten that support, and it is very important to keep him on the free-world's side.

Second, we talk about the weakness of the whole Balkans. The Balkans are vulnerable or they are Communist, and here in Yugoslavia is the solid threat in the underbelly of Europe to any Communist drive in that direction, on the complete flank of any such drive helping brave Greece and protecting Turkey, too. Hitler understood that he had to take Yugoslavia before he could do anything in the Balkans, and the Russians understand the same thing. I would like very much, naturally, to see Yugoslavia a democratic country, and again, there, too, any entry of ideas of freedom will be of some help to the people of Yugoslavia in showing them that there are ways to freedom and away from communism. Here is Yugoslavia a thorn in the side of the Russians, right on their flank, which helps make the Balkans substantially secure from being overrun by the Russians, and I think we are getting it at a cheap price and we would be foolish, indeed, if we kicked it away.

The CHAIRMAN. The time of the gentleman from New York has expired.

(Mr. JAVITS (at the request of Mr. Gross) was given permission to proceed for 1 additional minute.)

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from Iowa.

Mr. GROSS. Let us not talk in platitudes but let us talk in realism for a few minutes. Does the gentleman know of a single general, American or otherwise, who has made the statement that the Russians could not take Europe, without exception, in less than 40 days? Can the gentleman quote any general?

Mr. JAVITS. This gentleman knows, in the first place, of no responsible general who has made the statement that Europe can be taken in 40 days.

Mr. GROSS. I just quoted the general who said that.

Mr. JAVITS. Whom did the gentleman quote?

Mr. GROSS. General Ridgway.

Mr. JAVITS. How long ago?

Mr. GROSS. Early this year.

Mr. JAVITS. I believe from all the testimony before us the fact is, if that estimate was made, it is out of date, and that it is expected now that the free peoples are able to make—and the testimony before us showed that we are able to make for the first time since NATO has been formed some reasonable defense of Europe, which does not mean that Europe is impregnable or that Europe cannot be overrun, but for the first time that free peoples through NATO are able to man some reasonable defense of Europe through the help of our programs including this mutual security program.

Mr. FORRESTER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I must confess my misgivings concerning the legislation before us. The argument in favor of this legislation is that we grant these several billions of dollars to other countries so that we can combat communism.

I despise communism, and the people I represent despise communism, and we will do anything in our power to defeat it. If this country really wants to fight

communism and is willing to make the personal sacrifices required, I pledge, and my people pledge, every ounce of devotion we possess.

But if we are to fight communism we must fight it wherever it appears. That we have not done. I never believed I would live to see what I have seen in Washington in the past few days. Last Sunday I saw six or seven thousand mongrels picketing the White House, parading with banners, charging that our Government had bribed witnesses, and with banners demanding that two particular children not be made orphans. Not one of that crowd was concerned over the widows and orphans of our fine young men who died fighting communism in Korea.

Yesterday the Capitol Grounds were alive with hundreds of people who have no interest whatsoever in our country except to destroy it, even to take our country over. Today as I came down to the office, I saw that riff-raff picketing the President of the United States.

Our Constitution guarantees the right to peaceably assemble and to petition for grievance, just as it gives the right to the people to keep and bear arms. These rights are not unrestricted licenses for a mob, and certainly these rights are subject to reasonable regulations. While a person may keep arms, he can be, and often is, required to register that weapon and give a description of himself together with his true address. A person has the right to bear arms, but he can be, and often is, required to obtain a license to carry that instrument and to give a bond with good security that he will not breach the peace. It is my belief that these terrible assemblies, such as I have heretofore described, organized to disturb and to cause trouble, can also be placed under reasonable regulations such as requiring each person to register with the proper authorities and give a description of himself or herself, together with a complete and true address, and to state that he or she is not a member of any organization advocating the overthrow of our Government by force and violence, and any other necessary information that would be conducive to the police powers of our Government. Further, all of this information set out in said registration should be under oath, and the affiant subject to criminal prosecution and punishment for any false information knowingly contained therein.

The scene of yesterday, I understand, was inspired principally by the Civil Rights Congress. Requirements concerning registration could bring this kind of information out. It would be a reasonable requirement that a person assembling should be required to truthfully name the person or organization inspiring such assemblage, and it would be a reasonable regulation to require the registrant to disclose if he or she was hired or received any emolument whatever and if so, from whom.

Yes, the Civil Rights Congress, an organization listed by the Attorney General as subversive, is at its horrible practices again. No wonder we find the Civil Rights Congress in action. Too many

have gone crazy over so-called civil rights, a Communist propaganda favorite, and this class of people is most responsible for this foolishness. Never has that organization said anything about civil obligations or responsibility toward our Government, and actually it denies that there is any. No one has aided this foolishness more than the United States Supreme Court. The Rosenberg cases have been heard 12 or 14 times. No longer is there any finality of litigation. I was a prosecuting attorney for 27 years and the repeated hearings in these cases run counter to anything occurring in all of that experience. Such actions have been completely contrary to every rule of law regarding new trial motions.

Wednesday, two lawyers, not employed, solicited or even authorized to represent the Rosenbergs, obtained a stay order—thereby shattering every rule of law governing such matters that we ever knew.

It will do no good to fight communism abroad and let it flourish here. It is not realistic—it is not even ordinary sense. It makes law abiding citizens lose confidence. Communism must be unpopular here if we expect to build sentiment against it abroad.

Whether we should have entered Korea, I do not know. Maybe so. Anyway, we did. What we have gained, if anything, I do not know. Whether the moneys we have expended for relief should ever have started without being sure the recipients would fight on our side, I doubt. I will, perhaps, go along with the President on this legislation most of the way this time, but if there is not a change in action here, and if we do not make it tough on Communists here and if orphans of Communists only are of concern, over and above the orphans of American boys who gave their lives for this country, I want the world to know I will be through with this program. By the same token, if we really mean business and are willing to do everything we can to remove communism from our own shores, I want you to know that the section, which I come from, the section where there is no communism, will gladly make every sacrifice and risk every danger and fight until this scourge is completely removed as a menace.

Mr. O'KONSKI. Mr. Chairman, I move to strike out the necessary number of words.

Mr. Chairman, this is the first time this year I have imposed myself upon the Members of Congress, and perhaps it will be the last time. So I want to invite each and every one of you to be my guests at the World Series at Milwaukee, Wis., the latter part of September. But there is an issue involved here that defeats the whole purpose of our entire foreign-aid program.

Therefore, Mr. Chairman, may I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. O'KONSKI. Mr. Chairman, I could support this bill but for one rea-

son. I could support this bill if it were truly an anti-Communist bill. I could support this bill if it were really and truly an authorization of money to stop the trend of communism. I could support this bill if it were really and truly representative of an honest to God liberation program of the Government of the United States of America.

But this bill is not any of that, and for that reason I cannot support it. For instance, I think that the greatest item in the appropriation bill that we passed last year for mutual security aid was perhaps the smallest item. But this one item would have done us the most good. This one item was voted against the wishes of our President and State Department. That is how little they know of what really is going on. That one item was the \$100 million appropriation that we set aside and earmarked, and served notice on the leaders of our Government, military and civil, that we wanted them to use to encourage the refugees and escapees from behind the Iron Curtain who have the courage to revolt against communism. And to this date that money has not been expended. Our State Department and Executive are still ignorant of the real needs of a real anti-Communist program.

The one item in the bill that could have done us the most good was not used. Four million dollars of it I understand was used. And if they ever told you the truth about whom they gave this \$4 million to, it would make your hair stand on your head. They used it for exactly the opposite purpose for which it was intended.

So when it comes to actually adopting a program of liberation and encouraging revolts against communism, our leaders are not doing it. Either they do not know how or do not care to.

The second reason why I oppose this bill is that any amount of money donated to Dictator Tito is sacrilege, and it is an insult to my intelligence and a dishonor to our Nation.

I am going to tell you something about that. In 1950, when aid to Tito was first put in this bill, there was the greatest fraud committed upon the Congress of the United States of America that has ever been committed upon it in the 11 years that I have been a Member in this House. It was conceived in fraud and perjury and put over the House in that manner. In 1950, the patriotic people of Yugoslavia resisted and revolted on their farms and in the cities and in the villages—they openly revolted, just as they did in Germany yesterday—they revolted against Tito's Communist regime. The people on the collectivized farms of Tito's Yugoslavia refused to produce for him, because they resisted communism. They resisted his anti-church policies. They resisted his putting bishops and priests in jail. And so they went on sitdowns, strikes and in the various villages and various cities they actually refused to produce because they were revolting against Tito's Communist regime. They were ready to destroy Tito and his Communist regime. The stage was set and Tito was doomed.

Now, get this. If the Government of the United States of America had not bailed out to Tito with money in 1950, Tito would have been deposed as a Communist dictator and today Yugoslavia would be free and independent and a real ally of ours. What a tragedy. Here the people openly revolted against communism. But the Congress of the United States with money helped Tito save communism.

The hundreds of millions of dollars that we gave Tito gave him the military power to put down the revolt against the Communist regime in Yugoslavia. And when we start appropriating the money of the taxpayers of the United States of America to put down revolts against communism, I think it is a sham and it is a fraud. The Congress of the United States saved Tito's communism in Yugoslavia. How then in good conscience can you call this a stop-communism bill. It is truly an aid-communism bill.

Now how was this fraud committed? The big heads in the civil and military departments of our Government got together in 1950 and they said, "We can never tell the people of America that the people are revolting in Yugoslavia against Tito's Communist regime. My God. We cannot tell them that. So what are we going to tell them?"

Here is the fraud and perjury. They conceived the idea, and by lies and perjury before the Foreign Affairs Committee of the Congress, they told them that there was a drought in Yugoslavia and for that reason there was a famine there and because we were humanitarians we should go to their aid. Our State Department actually lied in turning a revolt against communism into a drought and famine. How is that for honor and integrity?

Here was a revolt of liberation among the Serbian people in Yugoslavia against the Communist dictator. Yet our State Department lied by telling us it was a drought which created a famine and appealed to our humanitarianism to get us to appropriate money to save Tito's communism in Yugoslavia. So instead of containing and stopping communism we actually financed it in Yugoslavia. Yet they call this a stop-communism bill. What fraud and perjury is committed in the name of humanitarianism? Recently we sent him 18 jets. How shameful. When this appropriation bill is finished, Tito will have more jet planes than we will have in Europe among our own forces. Did you know that? It is a supposed secret. When we sent them the first 18 jet planes, they did not have anybody to fly them. They sent 3 fliers to America to be trained, and the minute those 3 fliers got on American soil they said, "We seek haven in the United States. We won't go back to Yugoslavia even if you kill us." So Tito has no fliers for his jet planes that we are sending him. Any military maneuvers of these jet planes, whenever they do get fliers, cannot fly over Italy, because the fliers would jump to freedom. They cannot fly over France or Great Britain or Spain or America. They cannot fly over any land that is free, because

the minute their plane goes over a country that is free, down they will come and the fliers will seek haven to escape Tito's communism. We are sending him more jet planes.

What a stupid and unconscionable fraud. I think the appropriation of money for Yugoslavia has the saddest effect on the people revolting behind the Iron Curtain. Those people say that "The time is going to come when we can be liberated." Those unfortunate people who are waiting for the time when they can take off the yoke of communism. They say, "What you are doing for Yugoslavia and for Tito is a body blow to those of us who want to revolt against communism." They say, "You cannot trust Americans." They say, "We should revolt against communism." They say, "We should not accept the Communist doctrine teachings, and what do they do? They turn around and give Communist Tito \$350 million so that he can force his Communist government on the people of Yugoslavia." What a travesty on decency and honor when we actually support the horror of a Communist regime.

I think the appropriation of this money to Tito's Yugoslavia is a sham and a fraud on our people. I do not think it ought to be called a liberation bill. I do not think it ought to be called a Communist-containment bill, because you are perpetuating a Communist regime when you give money to a Communist dictator. Do not forget that the deflection between Tito, of Yugoslavia, and Joe Stalin was a personal feud between Tito of Yugoslavia and Joe Stalin. The reason was that Tito was getting a little too big for his pants, and he thought he was bigger than Joe Stalin, and there was a sort of personal feud between them. But now you have got a new administration in Russia, and already they are making eyes at each other. They have exchanged Ambassadors. Do not forget these planes we are giving Tito. The only place that Tito can send his fliers is over Russia, because he knows his planes will never come down in Russia. That is the only place he can send those planes and have his fliers return. That is the only place he can fly his planes. They would not dare fly over any other country, because they will fly to freedom and stay there. That is the situation you have in Yugoslavia. Russia is the only country he can have free intercourse with, and be sure his people will return.

I apologize to the Members for imposing myself as I have, but I cannot conscientiously support this bill and try to give the people the impression that it is a bill to discourage communism and to encourage revolts behind the Iron Curtain. It is not that at all when you appropriate this \$300 million to a dastardly dictator like Tito. Do not forget the next trouble you will have will be when Tito marches on Trieste; and then, when the bullets and the bombs you are sending to Tito today will be used on American boys defending Trieste, then I wonder what you Members of Congress are going to say. Will it be enough to say, "That you made another mistake; that

you were misinformed?" Cannot the Congress do a little thinking for itself for a change?

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. O'KONSKI. I yield to the gentleman from Pennsylvania.

Mr. FULTON. Did the gentleman comment on the fact that it was Dictator Malenkov who first sponsored Tito? It was the same Tito that shot down the planes with American boys?

Mr. O'KONSKI. Oh yes. The crowd that is in control of the Kremlin right now is the Spanish civil war crowd. They are Malenkov and Beria, of Russia, Tito of Yugoslavia, Bierut of Poland, Gottwald of Czechoslovakia, Thorez of France, Taggilliate and Longo of Italy, and Dimitroo of Bulgaria. These were Stalin's favorite proteges. They are one happy family. Tito is again in this family. These men were all schooled in the Kremlin as a unit.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

(Mr. O'KONSKI (at the request of Mr. FULTON) was granted 3 additional minutes.)

Mr. O'KONSKI. The crowd that is in control of the Kremlin now is this one happy family, and they were leaders in the Spanish civil war in Spain in 1936 and 1937. Beria, the butcher of the Communist regime in Russia today and Malenkov, and Josef Tito are bosom pals. They got the same training in the same Kremlin together. They were in this school with Thorez of France, with Tagliatti of Italy, with Luigi Longo of Italy, with Mierut of Poland, Clement Gottwald of Czechoslovakia, Dimitros of Bulgaria—all of them along with Malenkov and Beria of Russia. These were Stalin's prize students and picked to take over Europe. They were schooled by the Communists in the Kremlin and went over there to Spain to engineer a civil war in Spain. At that time it was a Communist effort to take over Spain. Their plan was first to jump over central Europe and France and take over Spain. They were the people who instigated and led the civil war in Spain. Now these same Communist devils are the leaders of the Communist nations in Europe. All one big happy family again since Stalin died.

Since Stalin's death those are the boys who have taken over. If you think for 1 minute Tito is not going to make up with that crowd and join that big happy family again you are mistaken. Cannot this Congress see even the nose on its face?

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. O'KONSKI. I yield.

Mr. GROSS. Yes; and if the bombs start falling on Trieste it will not be called a mistake, it will be another calculated risk that backfired.

Mr. O'KONSKI. It will be something like that. But in all sincerity, I think I understand the world picture. For 5 weeks I have been eating with, living with, and sleeping with a boy who knows all about communism and the desire of people to revolt against it. I have adopted him and will adopt the other one as soon as he gets over here. These boys

know about the Communists. They were ace pilots in the jet air force of Poland. I have been eating and sleeping with one of these lads for the last 5 or 6 weeks. When you mention for example that we are appropriating money for a man like Tito he just cannot understand that. The people of Poland cannot understand it, and the people of Czechoslovakia cannot. Nor can any people who are ready to revolt against communism.

You are asking whether or not we have any friends. Yes we do. But the friends we really have have not been mentioned here. Do you know who our friends are? Let us be honest about it. Our friends are in Latvia, Russia, Ukraine, White Russia, Lithuania, Estonia, Czechoslovakia, Austria, Hungary, Bulgaria, Poland. Yes, and even in Yugoslavia. They are our real friends, about 200 million of them that are risking their lives every day to revolt against communism. If you want to do something to help the people who want to help us do something for these people in Latvia, Lithuania, Estonia, and so forth, and do not give them a slap in the face by giving money to a rat like Tito to enable him to foist an unwanted Communist horror and terror among them.

Mr. GROSS. Mr. Chairman, will the gentleman yield further?

Mr. O'KONSKI. I should like to call the gentleman's attention to a page 1 story of the New York Times of today headed: "Yugoslavia Will Let Soviet Flo-tilla Pass Down the Danube from Vienna."

That is just the beginning. Every jet we send to Tito will eventually find its way to the Kremlin.

In conclusion bear this in mind Members of Congress. Every time Tito kills or imprisons a priest or bishop, or a minister or nun—the Congress of the United States helped him do it. Every time Tito shoots down like a dog a citizen of Yugoslavia—the Congress of the United States helped him do it. Every time hundreds of liberty loving people die and rot in a Communist jail in Yugoslavia—remember the Congress of the United States helped him do it. Every bullet that kills an American at Tito's orders was a bullet given him by the Congress of the United States. The United States saved Tito's communism; the Congress of the United States with money and guns suppressed Yugoslavia's revolt against communism. If it were not for the stupidity of the Congress of the United States Yugoslavia would be free and independent today. So do not insult the American people that this is a stop-communism or a liberation bill to help free peoples. To say this is a sham and a fraud. I am wondering how it feels to aid and abet communism and help kill freedom-loving people? I am wondering if this Congress has any heart or conscience?

Mr. BUDGE. Mr. Chairman, I offer an amendment to the substitute.

The Clerk read as follows:

Amendment offered by Mr. BUDGE as an amendment to the substitute offered by Mr. FULTON: On page 2, line 2, strike out "\$1,979,689,870" and insert "\$1,862,783,870."

Mr. BUDGE. Mr. Chairman, I have been seeking recognition for several minutes to offer this amendment. I am happy, however, that the gentleman from Wisconsin who preceded me has so ably presented the case for which I shall also plead.

The purpose of this amendment is to cut out all funds for Yugoslavia. If an amendment is offered to cut out funds for any other totalitarian nation included in this bill, I shall be happy to support it.

But I wonder if our memories are as bad as it would appear from inclusion of this item for Yugoslavia in this bill? Do we not all remember that this man Tito was trained in Moscow; that he spent the war years in Moscow; that we had a friend and democracy had a friend in a man named General Mihailovich, that this same man Tito, to whom you propose to give \$216 million, this same man Tito was sent down from Moscow for the specific purpose of capturing and executing America's and democracy's friend, General Mihailovich? He succeeded and executed the general, who assisted American fliers who were downed over Yugoslavia. Then we had a Tito who proceeded to shoot down American fliers.

The reason I have offered this amendment directed at this particular nation which is ruled by a dictator, a totalitarian state, is because the distinguished majority leader and a great many others have told us that the purpose of this bill is to fight communism. How can we expect the people of Yugoslavia or the people anywhere else to revolt against a Communist government when we in the United States furnish that government the tools with which to keep those people in subjugation? I submit, and I submit earnestly, that the Congress of the United States should never permit one dime of economic, and particularly not of military aid, to go to a Communist dictator whether his name is Tito, Stalin, Malenkov, or any other name. I am satisfied if we permit the building up of a Communist government anywhere in the world the only thing we are succeeding in doing is discouraging the people who love democracy, who would like to free themselves from their autocratic, damnable rulers but cannot do so because the Congress of the United States appropriates funds for economic and military aid to keep their masters in power.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. BUDGE. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. The most hopeful sign I have seen is the uprising of workers and other people behind the Iron Curtain, which is the way we secured our freedom here in the United States during the Revolution. It is the only manner in which they will secure their freedom over there. If we can help them with these uprisings, then we will have accomplished something to restore freedom to them.

Mr. BUDGE. I thank the gentleman. He is absolutely correct. The people to

whom we should be giving this aid in Yugoslavia are the people who want to fight Communists, not the man who wants to continue to be a Communist dictator over what was once and can be again a great and free people. The Congress of the United States should not assist a Communist dictator in his efforts to continue in power, and this amendment simply removes that assistance.

Mr. VORYS. Mr. Chairman, I rise in opposition to all three pending amendments.

Mr. Chairman, the discussion so far has applied to the three countries to which the gentleman from Wisconsin referred in discussing his amendment. These three countries have varying types of government, none of them the type we like. I understand they have a dictator in Portugal, too, as well as in Spain and Yugoslavia. But these countries are all extremely strategic spots in Western Europe. We have had enough discussion on the merits and demerits of these countries.

This is the first year that the amounts for military purposes have been disclosed country by country in Europe. The purpose has been to inform the House as fully as possible, but, of course, a debate such as this, on a country-by-country basis is not particularly helpful to the military men under our President who have the problem of implementing our security by preparing our defenses in Europe. However, the situation is that all of the amendments strike at the whole program of military aid for Europe, title I. Europe includes NATO, where our President was the great leader in attempting to draw these people together.

Here is what has happened to title I this year: Under the Truman budget title I was \$4,056,060,000. The first Eisenhower budget was \$2,479,089,870. The second Eisenhower budget was \$2,197,689,870. The committee bill is \$2,079,689,870. The first Eisenhower budget cut the Truman budget 38 percent; the next one cut it 13 percent; and we made a 5 percent cut. There has been a 49 percent cut in the amount of military aid programed for Western Europe during this year. The largest cut of the amendments pending here proposed would cut it about 11 percent more. This is for Europe, where General Ridgway said that we have not the strength now for a full-fledged defense. I would not quarrel or disagree with those who read pessimistic statements from General Ridgway as to the defense of Europe.

Now that is what title I is all about. It is to strengthen the defense of Europe. One reason we have to do it is because some of those people are faint-hearted in view of the dreadful fate they may face. I think that any statement General Ridgway or others would make about the overrunning of Europe leaves out the imponderable of what the A-bomb might possibly do to any aggressor that was attempting to come through Europe.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Iowa.

Mr. GROSS. Well now, is the gentleman saying to us that we are going to drop the A-bomb on Paris or any other city in Europe?

Mr. VORYS. No. That is one of the problems. Where do we drop the A-bomb? We drop it on the concentrated military forces of the enemy. I do not think it would be helpful, I will say to my friend, to discuss A-bomb strategy at this time except to say I hope we will never consider such an alternative as he mentioned.

Now, why do we have to have more money when we have so much unexpended? We will have \$8 billion plus of unexpended balances for military aid as of July 1. Some of that is going to be unobligated. For the most part this administration has reported back the unobligated money and told us to cut it from the new authorizations. Most of this obligated balance for long-lead-time items. Tanks take 11 months to make; a bomber takes 3 years; a jet fighter 18 months, and electronics equipment takes a lot more time. Ships often take 5 years. This is lead time. That is why we need additional money this year.

The point has been raised, How long will this go on? I have heard General Eisenhower, former President Hoover, French Foreign Minister Schuman, and others at different times say that this period of tension would last for 10 years. I have never said that I think our President thinks that this present program will last for 10 years. His aim has been to reduce our share as rapidly as the buildup takes place in Europe.

Here is a chart that might be of interest to you. It shows you how our share in the European buildup has been going down and shows that the European expenditures, on their own defenses, have been going up from 6.4 billion in 1950 to a prospective of 13.7 billion in 1953, and 14.9 billion in 1954.

Here you note that our contribution for next year has already been reduced below the amount on the chart. I beg you not to reduce it more.

These amendments should be defeated.

Mr. McVEY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise in support of all the amendments that are before the House, because I am opposed to this bill altogether.

The emotional appeals that have been made to the House beginning yesterday afternoon have not moved me very deeply. We have heard these appeals year after year for the last 10 years on the floor of this House.

We have remaining in the unexpended portion of the mutual-security fund, as the previous speaker has said, more than \$8 billion. It seems to me we could well get along for another year with that \$8 billion and not appropriate any additional sums at this time.

I am moved to say this because it seems to me that we elected last November a party that was pledged to balance the budget and reduce taxes. I know

some of us did not agree to do this immediately, but the bill we are considering today, for almost \$5 billion, stands between us and a balanced budget, a promise which we made last November.

We have in this bill over \$200 million for Yugoslavia. We have already appropriated \$504 million for Yugoslavia. If this appropriation for Yugoslavia is allowed to prevail, we will have appropriated more than \$700 million for a Communist country. I think no one here today would deny that Yugoslavia is a Communist country. It has a Communist philosophy, and Tito himself admits that he is a Communist dictator.

Let us see what he has done to the churches of Yugoslavia. You have read in the papers about the priests and the ministers who have been imprisoned. Let me tell you about the convents in Yugoslavia. Tito decided a couple of years ago to close the convents in two of his provinces. He turned the sisters in those convents out on the streets. They tried to find their home towns, only to discover that many of them had been destroyed by the ravages of war. They were unable to find their homes. They were on the streets, and they were arrested as vagrants on the streets of that country and thrown into jail, these sisters of mercy who were devoting their lives to the religious work of the church to which they belonged. I do not belong to that church, and I am not arguing for that church because I am a member of it, but I respect the sisters in that church because I had many of them in my classes at DePaul University. I had an opportunity to observe at firsthand their devotion to duty, and the high-mindedness of their calling.

Are we going to send more money into a country that persecutes its people in this fashion; that throws into jail priests, ministers, and the nuns in the convents? It seems to me it approaches the ridiculous for us to continue to appropriate funds for a country such as Yugoslavia, that engages in persecutions of this character.

It seems to me that in this country we need to come to grips with a vital issue, and that issue is whether we are going to conduct a government in Washington that is consistent with our resources and our taxing power. That is not the kind of government we have had in Washington for many years.

Mr. GAVIN. Mr. Chairman, will the gentleman yield?

Mr. McVEY. I yield to the gentleman from Pennsylvania.

Mr. GAVIN. May I ask the chairman a question? The total amount of this bill is \$4,998,000,000. Is that correct?

Mr. VORYS. That is right.

Mr. GAVIN. That is about \$5 billion. Yesterday we were limited to 5 hours of debate, so with \$5 billion, or \$5,000 million, that is at the rate of a billion dollars an hour. It will be very interesting to the American taxpayers, I may observe to my good friend, when they read that the Congress is appropriating money at the rate of a billion dollars an hour—5 hours, \$5 billion.

It is a good thing my old friend, Bob Rich, is not here now, because he would

propound that question, "Where are you going to get the money?"

Mr. McVEY. This is not a new philosophy which I am espousing on the floor this afternoon. I have voted against these foreign aid bills for the last 2 years, because I think the time has come when we must begin to protect the resources of America and keep ourselves both militarily and economically strong; because if America goes down, the rest of the world goes down with us.

The CHAIRMAN. The time of the gentleman has expired.

Mr. REED of New York. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I doubt if I can add anything to the gaiety of nations on this subject. I think my position has been pretty well established in this House for economy. I have opposed many of the boondoggling projects that have been carried on over a period of years and I am still opposed to them.

The greatest security this Nation can have is its own solvency. We are dissipating it.

We made some very profound promises during the recent election. We were going to reduce expenditures; we were going to reduce taxes, and balance the budget. There has been proposed a scheme of taxation—enactment of H. R. 1 and the defeat of the excess-profits tax. No man can deny in the light of past experience, that the proposal will work. It will balance the budget; reduce the national debt; wipe out the deficit. The tax proposal wiped out a \$20 billion deficit in 2 years in the 80th Congress, balanced the budget for the first time in 17 years, paid \$5 billion on the national debt and left a surplus of \$8 billion.

Of course, that is all ignored so far. Let us see what we have been doing and whether or not we have not been following Lenin's philosophy to force us to spend ourselves into bankruptcy.

I have been abroad, too, quite a number of times. I was astounded to see what had been done in the building of a ship canal from the Mediterranean Sea up to Lake Geneva, practically every inch of it through French soil.

I went down to see a couple of the dams that were completed. They cost about \$568 million. That seaway is to have 22 dams, 46 power stations; financed by our money; not one nickel of French money is going into this project. The completion of this sea canal, now that we are committed to it, will cost us only about \$13 billion more.

Over in Rome there is a railroad station—and that has been debated on this floor—a station a mile long. Our millions went into it. I know of a great many places in this country that would like a railway station, a very modest one, but there are no funds for home projects.

In Rovigo, a town over there in Italy of 40,000 population, a railway center in northern Italy, where they have built a railroad station with our money in which you could house the Washington station and the one in Albany and the one in Syracuse.

You can go to Milan and you can see a palatial hotel. Just anyone cannot go into it. It is one of these luxury hotels, 10 stories high. I am not criticizing them for building it out of marble, because that is their best material over there with which to build. You can see apartment houses that have been built in Paris and Rome and elsewhere that would make the apartment houses on Riverside Drive in New York blush with shame. How long are we going to keep this thing up? How much security do you think is in this proposal here?

In the bay of Naples on the Island of Capri, there is another beautiful hotel, a luxury hotel—oh, yes, built with our money.

Mr. GAVIN. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. I yield to the gentleman.

Mr. GAVIN. I just want to call attention to the rehabilitation of Vienna Opera House. I was over there several years and looking the project over I said, "Why not put this money into some useful purpose, into industry, to create employment for the people?" The answer was, "Well, you must remember the cultural and esthetic side of life of the people, too, you know."

We go merrily along spending, taxing the American people for projects such as the gentleman describes. I thought perhaps the gentleman had forgotten about this Vienna opera house.

Mr. REED of New York. I have forgotten a thousand projects that we have been financing over there with our money. We are getting nothing for this at all. If you do not believe it, just go over there. When they find out you are a Yankee they say, "Go home, Yankee." You cannot buy friendships with dollars. We have become so dollar-minded that we think we can push these people into programs that they do not want. They despise us for it.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. Does the gentleman know of any place in the world where we have poured our billions that we have ever bought any good will on a permanent basis?

Mr. REED of New York. Not at all. In the history of our country there is only one other nation that has ever sent us any help in time of disaster, and that was during the Mississippi River flood, and it was China that sent the aid. But we have been having cyclones and tornadoes all over this country. How many foreign nations have even said they would like to help us a little? Do you ever hear anything from them? No; you do not.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. I yield to the gentleman from Pennsylvania.

Mr. FULTON. In justice, I believe that Burma is sending \$10,000 to the victims of the cyclones, but I am one of those who feels the program should be cut.

Mr. REED of New York. Certainly it should be cut.

The CHAIRMAN. The time of the gentleman from New York has expired.

(By unanimous consent (at the request of Mr. GAVIN), Mr. REED of New York was granted 3 additional minutes.)

Mr. GAVIN. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. I yield to the gentleman from Pennsylvania.

Mr. GAVIN. It appears to me that what we are doing is scattering our hits all over the world. If we were ever called upon to win a ball game we could not do it. Unless we remain strong at home, financially and otherwise, we cannot be of any help to ourselves or any other part of the world.

Mr. REED of New York. I have had one philosophy ever since I have been in Congress, and that is that the finest thing we can do is to make our Government work within the principles of the Constitution, within the framework of the greatest charter of liberty ever framed. When we do that, other nations can see it. They can see the fine, splendid standard of living. We can be fairly generous in cases of disaster, but the way we are operating now we are operating under what I would call mob psychology. We are here making emotional appeals. When you make emotional appeals you will sink the average intellect down to the lowest common denominator of intelligence. That has always been true. You will see this mob psychology surrounding the Supreme Court. You see it marching through here, operating under mob psychology. It is about time we operated on the basis of sound sense and reason and within the great charter of liberties to which I have referred. We have got 24 personal liberties in the Constitution. We can spend ourselves to death on these emotional appeals. This should be called from now on "the Age of Reason," and let us legislate along that line.

Mr. VORYS. Mr. Chairman, we have been talking on this amendment now for an hour and a half. I wonder if we could not agree on limitation of debate. I ask unanimous consent that debate be limited to 25 minutes, 5 minutes for each gentleman now standing, and 5 minutes for the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Iowa [Mr. Gross].

Mr. GROSS. Mr. Chairman, I am glad that we are at last getting down to a discussion of the bill. Yesterday I spent 5 hours on the floor of the House, and I never listened to more platitudes or more euphonious statements in my life than I did yesterday afternoon and last evening in what was called general debate on this bill. We did get some information from the minority of the Foreign Affairs Committee, but we got little or nothing on the provisions of this bill from the majority.

There are a thousand questions I would like to ask about this foreign giveaway scheme. I would like to ask the Members to turn to page 22 of the re-

port. This is something new. We have on page 22: Slice 1; slice 2; slice 3; slice 4 (a); slice 4 (b); slice IVa; slice IVb; and so on and so forth. The only thing I have not found here is the slice that is taken out of the taxpayer. I wonder if some member of the Foreign Affairs Committee can tell me just what kind of slice this is going to take out of the American taxpayer's throat?

I would like to ask how much you propose to spend in this bill on offshore procurement. Will some member of the committee tell me? I have not been able to get an answer.

Mr. FULTON. I will answer that.

Mr. GROSS. I am waiting patiently. I do not want the gentleman to take my time in prolonged consultation before giving me his answer.

Mr. FULTON. Approximately \$1 billion.

Mr. GROSS. How much?

Mr. FULTON. Approximately a billion dollars.

Mr. GROSS. That much for offshore procurement?

Mr. FULTON. That is correct.

Mr. GROSS. Let me tell you something about this offshore procurement. I have been reading some of the British financial journals. The British Financial Times says gleefully that although American dollars labeled "aid" may be reduced, American dollars received from offshore purchases will make up the loss, if any. So if you reduce the direct funds to the British in this bill you are still not cutting them out of anything.

Let me go further. The London Economist assures its readers that American giveaway artists have a plan "full of special devices which have been carefully worked out by mutual-security officials with the idea of including as much as possible under headings which will have the effect of economic, or defense support, and technical aid, while appearing to ask for much less for these purposes." In other words, trick American taxpayers into believing there is a cut in foreign spending while dishing out as much or more than before under offshore procurement.

That same publication observes there may be a slight cut in the outright dole to Britain and other countries because "it will be hard both to counter the argument for stringent economy and to explain away the existence of eleven and nine-tenths billions of unspent funds voted in previous years, over four billions of which are still uncommitted to any particular project."

So the British are saying they expect America to cut direct aid in military appropriations, but they will get it back in the offshore program.

I call this particularly to the attention of Members from industrial districts, because this may well come back to haunt you in the future.

The British seem amazed, as well they should, that any new foreign aid funds are sought on top of prodigious uncommitted funds. They can scarcely believe their continued good fortune in grabbing more and more American tax dollars in outright aid or offshore procurement, which means practically the

same thing—an American-financed international WPA.

On top of that the London Statist, another economic magazine, proclaims "United States Aid Cut Need Cause No Alarm," because, it says in effect, British economy can stand alone if American aid is cut off.

All this provides additional incentive for me to continue to vote against foreign aid and attempt, as I have done before, through legislation, to prevent the use of American tax dollars for offshore procurement, which deprives American industry, labor, and agriculture of whatever contracts are let in foreign countries under that scheme.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. POAGE].

Mr. POAGE. Mr. Chairman, I recognize the danger of being misunderstood when anyone attempts to discuss this bill. I recognize full well that there is a great deal of feeling about this bill and there have been a great many unreasoned statements made and more such statements probably will be made in the future. I recognize a great many of our people are thinking in terms of prejudice rather than in terms of reason about this bill. For this reason I realize that my statement will very likely be misunderstood, therefore, I want to make it perfectly clear that I recognize that this bill is far from perfect. Not many pieces of legislation are offered that I consider perfect, even those offered from my own committee. I have not doubt that I shall oppose some of the items of this very bill. I expect to vote for amendments to this bill.

At the same time, I recognize that we have a program we must carry out. I hope that that program may be based upon serious thought about what is involved rather than upon someone's prejudice for or against some individual. I have been distressed that there has been so much discussion here about the character of certain individual dictators in various parts of the world, particularly about Tito who is the dictator of Communist Yugoslavia. I recognize Mr. Tito for exactly what he is. I am not here to defend him, or his policies. In fact, I cannot approve these policies, but it seems to me that rather than passing upon legislation simply because we do not like a man or a government, we ought to look at some of the sober facts. One of those facts is that Mr. Tito right now commands the second largest army in Europe, thirty-odd divisions, armed, equipped, trained, and ready to go. Even if we do not get those divisions actively on our side, it is worth a lot to us to keep them from joining the enemy. I do not want them on the Russian side. I think it is worth good hard money to the United States to see that those 30 divisions might at least constitute a threat on the Russian flank. If they do not actively help us, I do not want them to help the Bear.

I do not think anybody will deny the fact that Tito does possess a powerful army. You may question his individual character or his philosophy. I am not here to defend him, but I do not think

we should be swept away by criticism that does not have any sound basis.

One of our distinguished colleagues got up here and talked about the fraud which he said had been perpetrated upon the American people in 1950 by telling us there was a drought in Yugoslavia. I believe he stated that we first granted aid to Yugoslavia on a misrepresentation of fact. He said we were led to believe that a drought existed when the fact was that we were aiding Tito to put down a revolution. I do not know anything about the revolution, but I feel that I owe an obligation to this House to testify as to the facts which I do know.

I was in Yugoslavia in the fall in 1950. I did not see any rebellion. There might have been one. I do not claim to know. I do not know just what those people were thinking. I could not talk to them. I did not visit all of their cities. But I did see the condition of their crops. I hold myself out to be somewhat of an expert on droughts. I do not know any other subject on which I would make that claim of expertness, but I have lived with dry weather all my life in the Southwest.

We are faced with a terrible drought now and I may be calling on you to give to our people down in the southwestern part some of the aid we are giving to foreign people in regard to droughts. I think these people are entitled to drought aid—that is, the people of the United States should, in my opinion, receive just as much aid from our Government as anybody anywhere in the world, but I do know there was a drought in Yugoslavia in 1950 because I was there. I saw corn 3 feet high burn up, making nothing. I think I know and can tell the result of a drought.

When Members come before this House and try to prejudice us against a program on the theory that we have been deceived, when, as a matter of fact, the conditions that were described to us actually did exist, I just wonder how well informed those Members are about some of the other matters that they discuss.

I do not pass on the other statements that were made, because the drought is the only one of these things I know about. It is the one thing I personally saw. But I do know about that drought, and I can testify before this House of my own personal knowledge. These other statements may or may not be correct. I have no doubt but what those who made the statements believed them to be true, but when I know that advocates are mistaken about one phase of their testimony I wonder if they may not be mistaken about other parts of that testimony.

Let me again make it clear, I am not defending Tito, but I do want this House to be sure it is not acting on a misunderstanding of the facts. I just want to keep the record straight.

Mr. DORN of South Carolina. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from South Carolina.

Mr. DORN of South Carolina. I think the gentleman is certainly right about

what he is telling the House here. I informed the House yesterday that I was opposed to the entire bill, and I am, but if you are going to have an aid bill at all, certainly we ought to try to support Spain and those countries that really have something to fight with. I have argued that for years. Spain might be the one place in Europe where we can withdraw our own boys behind the Pyrenees and protect them until we can get them out.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. RAYBURN].

Mr. RAYBURN. Mr. Chairman, I trust that this does not become an age-old fight. I have no apology to make today, because my position has never changed. I have been voting for these things since the inception in the 80th Congress.

The budget, as it came down from the Truman administration, was \$7,600,000,000. The first Eisenhower budget request was \$5,828,000,000. The revised Eisenhower budget was \$5,474,000,000. The committee, not satisfied with that, cut it again and reduced it to \$4,998,000,000, or a cut of \$2,602,000,000 from the original budget.

Now, if people want to cut, if it is their idea to cut any part of this program, it seems to me it certainly has been cut enough. I am not going to say one word in the moment that I detain you that would be tortured into a criticism of any ally we have upon the face of the earth or any prospective ally, for the simple reason that if there was ever a time in this Nation's history, the biggest, the strongest, the most democratic nation upon the earth, that has been challenged with the leadership of the world, it is now, and it must lead, or this is a leaderless country and a leaderless world.

The President of the United States, your President and mine, has said that this amount ought to be \$400 million more than it is. I think he was right about it. You talk about the expenditure of money. Of course, there are some people that can balance budgets by just taking a meat ax and cutting off here, there, and yonder. They can also reduce taxes. My beloved friend from New York can reduce taxes at any time, because he is not very strong on voting for any kind of appropriation, and especially any kind of an appropriation for foreign aid or world cooperation and world concord. I think I know that our actions in the past, in the Marshal plan and in this mutual-aid program, are as much or more responsible for the confusion and the uncertainty today behind the Iron Curtain than any other one thing. We were unprepared, the world was unprepared, in 1914 and 1917. We were unprepared terribly in 1940 and 1941. I stood on this floor and pleaded for bigger appropriations for our military, saying that there was danger, terrible danger in this world. I was not as sad at that moment about world conditions as I am about world conditions today. We were attacked because we were unprepared and everybody knew that we were unprepared, and because we were not prepared and our allies were

not prepared we expended \$400 billion in less than 5 years and lost thousands upon thousands of lives of American boys and American girls.

If we could prepare or help prepare those who stand with us so that they could resist, even though it took \$5 billion this year and \$5 billion every year for the next 10 years, if we could thus prevent a war, a holocaust, the destruction of property and lives and the expenditure of \$500 billion, even from the material standpoint it would be the greatest investment the people of the United States ever made.

So today, as an old friend who has been here a long time and who has been here during two wars and the aftermath, one who has seen to his great sorrow after World War I and World War II this thing called isolationism crawl out of the shadows and make itself evident, after being asleep during the wars, for after each and every one of these wars this isolationist spirit has come back, I say to you that isolation from the rest of the world will destroy the United States and every democracy upon the face of the earth, and civilization itself. I will not take that kind of responsibility today, next week, next month, or next year.

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts [Mr. MARTIN], the Speaker of the House, to close debate.

Mr. MARTIN of Massachusetts. Mr. Chairman, I want first to congratulate the Members upon the splendid debate we have had this afternoon. The conflicting views have been presented ably and in good spirit. It is a wholesome thing, that we can debate thoroughly these questions before we make our decision.

I would not rise here this afternoon if I did not believe it was a serious and very vital question we were considering; one fraught with danger not only to our country but to the world. I believe I should give you, who have been my colleagues and who have been good to me, the benefit of my wisdom, such as it may be.

Whether we like it or not, we have been thrust into world leadership. The responsibility today is largely ours whether we are to have peace, prosperity, and progress in this great world of ours.

I, like many of you, have been critical of some of the program here presented. No one has lifted his voice, probably, any more often than I have in criticism. But when I believe it is a grave error that we are liable to commit I must give to the House the benefit of my views. This authorization has been reduced 34 percent, a larger cut than has been given to any of our other efforts. When we consider this bill we must not forget that this is not a bill of handouts, of boondoggling. We have seen a great deal of that, and I hope it has been discontinued. This is a bill to help the other peoples of the world who, like us, are trying to resist the ever-onward march of the powerful ideology of communism.

I do not question the motives of the men who offer these amendments because they offer them in good faith and

from conviction. I know they do, from my past association with them. Spain and Portugal have been singled out as not deserving of aid. These have been two faithful allies as far as the United States is concerned. They are countries we may well like to have on our side in these eventful days ahead. We must be practical as we stand in the path of a powerful foe.

The second largest army in all Europe is back of the Pyrenees. They possess a haven American troops might like to possess. Bases in Spain could aid the free forces of the world immensely. It costs \$590 a year to maintain a Spanish soldier, equipped and ready for action. It costs \$11,000 a year to maintain an American soldier. I think I would feel comfortable if I knew that a well equipped and expanded Spanish Army was ready to resist the march of communism in Europe.

It costs \$570 a year to equip a Turkish soldier, one of the best fighters in the world. I have seen on the fields of Korea the crosses that mark their bravery, where those men fought and died for freedom. I would feel safer if I saw a modern, well-equipped Turkish Army in the Dardanelles.

So I hope that no one will try to discriminate against countries who have been friendly to us and who want earnestly to retain our friendship.

I know in the last World War when we were desperately in need of bases, little Portugal freely came forward and gave us bases from which we were able to launch our attacks against Europe. Those bases saved lives and money and contributed to our success. How can we, through an amendment, eliminate them from the receipt of funds without doing serious harm. No, I do not believe we are going to do that.

We talk of economy. I believe in economy. I believe in economy probably fully as much as any man in the House, because in my youth I have known the necessity of the most rigid economy. I want to tell you, gentlemen, we can make many a grave mistake in the name of economy. We can economize so far that we will be unable to accomplish the purposes which we seek.

And if we should fail, and that could mean war, the third world war, we might find then, too late, there was less economy in our vote than we had anticipated. Such an economy could well bring the loss of some of our youths.

We have no partianship here today on this bill because this is not a question of Republicans and Democrats. It is a question of Americans and Americanism. It is a question of whether we are going to give up the program which we have been following in the last 4 or 5 years, or whether we are going to carry it to a successful conclusion.

I cannot believe that the people of America, having once set their hands to the plow, are going to withdraw. I cannot believe that we are going to fall into the booby trap of the Communists in this period of the truce, if it comes; and I question whether there will be any truce. I do not believe we are going to

play the Communist game and disarm, and make it impossible for our allies or anyone else to resist the march of communism. I have greater faith in the people of the United States than that.

On a hot summer day, when I am out of Congress, I love to sit on the shores of old Cape Cod. I love to sit on the porch of my little house located on a bluff, that overlooks Cape Cod Bay. From that place I can see 30 miles away the shadowy outlines of the monument erected to the Pilgrims in Provincetown. I can look across the bay and see the outline of Truro, where the Pilgrims landed. I can see the course of that little ship, the *Mayflower* across Massachusetts Bay, around the head into Plymouth Harbor.

I cannot believe that a people with such a heritage, a people who conquered the savage barbarians and the wilderness and built this great empire—I cannot believe now, at the zenith of our power that for a few hundred millions of dollars we are going to falter, we are going to turn back from our high purpose.

No, I do not like to waste money. It is ingrained in my very soul, I repeat, to resist waste. But I do know that above all, above money, I must ever place the security of my country. That comes first. Security is more precious than dollars. Why is it today that men leave the Eastern Zone in Germany and endure hardships and privations to the end that they can find a haven of security in Western Germany? It is the inalienable appeal that comes to all peoples for freedom.

I say to you today, as we consider this bill, let us be true to the confidence that our people have placed in us. Let us not back out in this fight which we have started. Let us give Dwight Eisenhower a chance to prove his merit. I know he is thinking of economy just as much as you and I. If he had been one who believed in waste, he would not have sent word to the House that \$400 million could have been cut off of that bill after it had been sent out. We can trust him to adjudicate the money wisely.

One more thought I want to leave with you. This is an authorization bill. You say, "Oh, we have heard that story before." But let me tell you, we have a pretty good man at the head of the Appropriations Committee. I do not believe that JOHN TABER is going to let items get by that he does not believe in. We might cut this bill today to the point where it would be fatal; but tomorrow, when this bill comes before JOHN TABER's committee, he can cut it, and if there is a mistake he can correct it by a supplemental appropriation later. But we cannot make a mistake today in this authorization bill. This might be fatal. Let us not back out now. Let us take the leadership that the world has given to us. Let us take this leadership that God has placed in our hands and use it wisely for the benefit of humanity.

If we should discontinue our aid and encouragement to those outside of the Iron Curtain it could well hasten the triumph of communism. That no

straight-thinking American would desire.

It serves no good purpose to think only of the terrific amount of the money that the United States has generously poured forth to encourage the fight of a free world. It is of no good purpose to think only of the failure of these liberal contributions to gain the good will of other people. We must face the facts as they stand today.

My colleagues, let us not pull out of the fight for freedom in this crucial period. Let us not play the game of the Soviet craftily awaiting the day when it is propitious to attack.

A strong America and strong allies are our best security. Let us finish the task we have started and bring peace and security for the people of the world.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Idaho [Mr. BUDGE] to the substitute amendment offered by the gentleman from Pennsylvania [Mr. FULTON].

(By unanimous consent, the amendment was again reported.)

The CHAIRMAN. The question is on the amendment offered by the gentleman from Idaho.

The question was taken; and on a division (demanded by Mr. BUDGE) there were—ayes 100, noes 154.

So the amendment to the substitute was rejected.

The CHAIRMAN. The Clerk will report the substitute amendment.

The Clerk read as follows:

Amendment offered by Mr. FULTON as a substitute for the amendment offered by Mr. SMITH of Wisconsin: On page 2, line 2, strike out "\$2,079,689,870" and insert "\$1,979,689,870."

The CHAIRMAN. The question is on the substitute amendment.

The question was taken; and on a division (demanded by Mr. FULTON) there were—ayes 96, noes 159.

So the substitute amendment was rejected.

The CHAIRMAN. The Clerk will report the Smith amendment.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Wisconsin: Page 2, line 2, strike out the figure "\$2,079,689,870" and insert "\$1,750,503,870."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. SMITH].

The question was taken; and the Chair announced that he was in doubt.

Mr. McCORMACK. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. VORYS and Mr. SMITH of Wisconsin.

The Committee divided; and the tellers reported that there were—ayes 100, noes 192.

So the amendment was rejected.

Mr. FULTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FULTON: On page 2, line 6, before the semicolon, insert "but this section in the interests of the security of the United States shall not operate to deprive of aid nor penalize nations who have fully ratified the treaty to create the

said organization, because of the lack of action or failure to ratify by any other nation."

Mr. FULTON. Mr. Chairman, this is an amendment to the Richards amendment. The Richards amendment, as you know, is on page 2, lines 3, 4, and 5. It states that "not less than 50 percent shall be made available only for the organization," called the European Defense Community, which means the proposed European army. My amendment adds to the Richards amendment as follows: It provides that the Richards amendment, which would give the money to the European Defense Community when formed, shall not be used to withhold aid from any country that has ratified the treaty and has shown it would go along with the proposed integration of the defense of the European community.

The gentleman from South Carolina [Mr. RICHARDS] said he felt that most of these five countries that have not yet ratified will go along, meaning that one or several may not go along. We should have in this bill, a provision that this amendment is not intended to deprive of aid any country that ratifies the European Defense Community. We should have a provision so that they can get the aid on individual ratification of the treaty or we will put in the hands of the remaining countries that might be holdouts, the power to block the whole European Defense Community.

The Republic of Germany has ratified the treaty, subject to a final court decision. De Gasperi's government in Italy has stated its strong position for the European Defense Community. The Netherlands Government has taken a position for it, Luxembourg is for it, and Belgium is for it but, as you know, in France there is no government existing. We need action from these five countries. If we get a weak government in France or one that delays and continues to delay, we will then have a situation where there cannot be any aid going to Europe or to these countries because one country without a government might not ratify the treaty.

My amendment is based on the fact that we favor these nations taking voluntary steps to form the EDC organization, and when it is formed we will give the aid to the European Defense Community; that is, the military aid for Europe. But my amendment supplements this intention, to cut down the harsh application of the Richards amendment on those countries who have ratified but are blocked by others. My amendment states that when the countries ratify they shall not be penalized on this aid because any other country fails to ratify or refuses to ratify, but shall be eligible for military aid under this program.

My amendment is for the security of the United States, because when we have a willing ally, a country that has ratified and said they want a unified European army, we should not penalize them if some other country says no, and lump them together.

My amendment recognizes that the Richards amendment gives the money to the European army organization when formed, but my amendment provides that this section in the interests of the security of the United States shall not operate to deprive of aid nor penalize nations otherwise qualified who have fully ratified the treaty creating the European army organization, because of the lack of action or failure to ratify by another Nation.

Unless we adopt this amendment we lump all the nations together. But if you adopt my amendment, any of the nations who ratify the European defense treaty can then be given the military aid individually, even though the organization is not formed. I have come to the conclusion that my amendment is necessary to prevent the unfair application of the Richards amendment.

I think the rule that the gentleman from South Carolina [Mr. RICHARDS], has stated is too rigid because it will penalize willing countries who want to go along with us. It is like having a whole group accused of not cooperating and saying that we will refuse aid to the whole group.

My amendment will pick out who our friends are and limit the Richards amendment so that it will not, in any case, deprive of aid any cooperating nation, or any nation which desires to cooperate. No nation should be penalized by the failure to act, or by lack of action of any other nation that will not cooperate. So my amendment will put the European nations on their own feet if they cooperate, give them the aid.

I wish to state to you that there are two other basic amendments that I have to this legislation. My position has been the moderate position. I am for the legislation. But I think there are various places where it can be amended, and the amount cut to obtain a more efficient handling of the program.

It is not a small amount when we talk of \$100 million as various Members were talking about it here previously. If we in this country increase the first class rate on letters, 1 cent to 4 cents, this would amount to an increase of only \$78 million for the year. I have an amendment that will be offered later to cut \$100 million in economic aid.

The amendment offered by the chairman of the Foreign Affairs Committee this afternoon is an adoption by the committee and extension of two of my amendments cutting administrative personnel in the mutual security program. From my observation on my investigation trip to Europe in April 1953, I feel that the agency is overstaffed as to administrative personnel, and that there should be a 10-percent cut in such expenditures in the interests of efficiency and economy. My amendments will save almost \$30 million by cutting down the administrative personnel on the payroll on January 31, 1953, in the number of 5,664, by 10 percent or 566, within 90 days after the passage of this bill. This action is necessary as the total employees on the payroll as of January 31, 1953,

have substantially increased by March 31, 1953, as follows:

Mutual security program employees by departments

	Jan. 31, 1953	Mar. 31, 1953
DMS.....	146	119
MSA.....	5,409	5,304
State.....	3,240	3,260
TCA.....	3,625	4,022
Defense.....	39,921	40,428
Total.....	52,341	53,133

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. RICHARDS. Mr. Chairman, I rise in opposition to the amendment.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Ohio.

Mr. VORYS. I ask unanimous consent that all debate on this amendment and amendments thereto cease in 10 minutes, the last 5 minutes to be reserved to the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. RICHARDS. Mr. Chairman, of course, this amendment will undo everything that the committee has done in regard to encouraging the formation of the European Defense Community. I am a little surprised that the gentleman from Pennsylvania [Mr. FULTON], who supported this provision in the committee and has also been in favor of certain cuts here today, would offer this amendment.

There is no Richards amendment before the House. The provision that the gentleman from Pennsylvania [Mr. FULTON] seeks to amend is in the bill itself and it carried by about a 2-to-1 vote in the committee. I do not think anybody else on the committee is opposed or will offer any amendment to it here today.

There has been a great deal of discussion about what this bill tries to do with regard to the European Defense Community.

The provision sought to be amended here applies to Luxembourg, Netherlands, Belgium, France, Italy, and Germany. We were told before the Foreign Affairs Committee that the main objective of the European Defense Community was to assure effective unity of action under General Ridgway and also to get Germany into the defense picture over there. All of our military men have testified that in the long run there is no effective central military defense in Europe against communism unless we have Germany in the picture. Germany is the only 1 of these 6 nations so far that has ratified the treaty; or whose parliament has ratified the agreement. All 6 countries have signed the agreement.

I hope the amendment will be defeated.

I want to read right here what the present Secretary of State said in a recent speech about this problem. He warned them that they had to get together. Secretary Dulles said:

Nothing that the United States can do will ever be enough to make Europe safe if it is divided into rival national camps.

He was right.

For years and years we have gone along, letting these individual nations have money even though they followed a lone-wolf policy, and now all we are asking is that they unify and make effective use of it.

(Mr. WAINWRIGHT asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. WAINWRIGHT. Mr. Chairman, I rise because I have serious reservations, which I feel sure are shared by many other Members of this body, concerning the so-called Richards amendment. It would appear necessary at this point to clarify exactly what we have labeled "The Richards amendment." It is that section of the bill which would, for all practical purposes, withhold military assistance to the European Defense Community countries, a sum amounting to over \$1 billion until all these countries ratify the EDC treaty. The amendment proposed by the gentleman from Pennsylvania [Mr. FULTON] would, as I understand it, allow the funds tied up by the Richards amendment to be released as each country ratifies the EDC treaty.

Both of these amendments, in my opinion, are unsound. They invoke a doctrine unnatural to the American way of thinking. These amendments would in effect apply economic and political pressure on foreign parliaments.

I emphasize this point because this is not the usual and customary diplomatic procedure of bringing pressure on foreign governments. Here we are attempting to bring pressure directly on the parliamentary bodies themselves. Can you imagine the situation in reverse? We in this Congress would rise to a man to reject this approach. Why should we inflict this coercion on others?

From a practical viewpoint the Fulton amendment is less harmful than the provision of the bill known as the Richards amendment. At least, under the Fulton amendment, we would be allowed to release these blocked funds for our friends and allies so that they can go about their business of assisting us, whether or not the other countries have ratified. I am confident that the President of the United States and the Secretary of State do not want accusations leveled at this Government to the effect that we are attempting to bribe or coerce our fine allies. One of the principal points at stake here today is America's leadership in the world. There are many of us here who do not feel that this leadership should be tarnished by the suggestions of the amendments in question.

Mr. JAVITS. Mr. Chairman, this is a very important amendment. The Richards amendment in the bill to which this amendment applies is very important. What it does is to tie up a billion dollars until such time as all six powers ratifies the European Defense Community. It leaves a balance of about \$1 billion to be used for Western Europe's armament, to be divided among all the nations.

I was against the Richards amendment in committee. I am still against it. I think the whole concept is wrong. I think the amendment offered by the gentleman from Pennsylvania [Mr. FULTON] ameliorates it a little.

The question is, Why do we who oppose the Richards amendment not move to strike out the Richards amendment? The answer is: The structure of the whole military phase of this bill is built upon the principle of the Richards amendment. Therefore, the only way to deal with it is to let the other body work its will on this program, then to let the two bodies, one of which will be this House, pass on the bill according to the different structures in each bill and work it out in conference.

I believe the Fulton amendment ameliorates the position of the Richards amendment and makes it somewhat better. At least, it lets the program go forward to some extent, for each nation that approves the European Defense Community is under this amendment then to be entitled to participate in the amount tied up. The only thing that can be said for the Richards amendment is that it proposes to give some incentive to the nations of Europe to approve the EDC plan; but it is fatally defective, as I see it, in that it crosses over and disregards the whole NATO organization, consisting of 14 countries of Europe which are kept together and are organized effectively for the common defense. It penalizes all of the 14 because only part of them—5—have not approved EDC. Therefore, the whole Richards amendment is unsound, and I feel this view will prevail, and it will not be in the final legislation.

(Mr. FRELINGHUYSEN asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. FRELINGHUYSEN. Mr. Chairman, there is a Biblical expression to the effect that those who walk with wise men will become wise themselves. Certainly we have participated in a most enlightened discussion today. I have listened with great interest to the profound remarks of our Speaker, the gentleman from Massachusetts [Mr. MARTIN]. I was most interested also in the opinions just expressed by the gentleman from New York [Mr. JAVITS], a member of the Foreign Affairs Committee, which I believe contain real wisdom.

It is my firm conviction, which I am sure is shared by many others, that the so-called Richards amendment, barring some \$1 billion in aid to Europe until the European countries in question qualify by ratifying the European Defense Community Treaty, is undesirable. Although few member of this committee would argue about the desirability of the ultimate objective which is sought to be obtained by this amendment. I do doubt, however, that the desired objective can be achieved in this way.

For a moment let us put ourselves in the position of the members of the European parliaments now considering ratification of the European Defense Community Treaty. If we now were considering such a grave question, affecting our national sovereignty and contemplating

the formation of an organic military unit, superior to the national units which contribute to it, we surely would resent and resist any foreign intervention which might seek to affect our determination. The countries of Europe would be in a similar position if the Richards amendment should remain in this legislation. Communist members of European parliaments would surely capitalize on the situation which would result as also would the radical elements opposed to the objectives of the free world. It would benefit also those holding extreme nationalist positions in these countries. It would vastly complicate the position of those who now favor joining the European Defense Community. They almost inevitably would be called American stooges if they attempted to push ratification. Last, but not least, the undecided members of these parliaments, with whom the final decision as to ratification may well rest, would very likely resist such pressure by the United States even though we acted with the best of intentions.

In summary, I should like to state that I believe strongly that this country should use all legitimate means to encourage France, Belgium, the Netherlands, Luxembourg, and Italy to join the European Defense Community. We should not attempt to do this, however, by the clumsy and rigid method exemplified by the Richards amendment. In my opinion the amendment by the gentleman from Pennsylvania [Mr. FULTON] would do little to eliminate these objections which I am now raising.

Mr. VORYS. Mr. Chairman, I opposed the Richards amendment in committee. It was written in by a decisive vote. The point in this, that we will either dispose of this subject promptly, or spend a lot of time on it. The way to do it is to vote down this amendment and go on to some other subject or we will spend the rest of the afternoon debating the merits and demerits, the willingness and unwillingness of our allies. I think we have had enough debate on that subject. Therefore, I feel the thing to do is to vote down this amendment, particularly because it uses words like "deprives," and "penalizes," as applied to our allies over there. It seems to me the thing to do is to defeat this amendment and let us go on to other parts of the bill.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Minnesota.

Mr. JUDD. I am one of those who supported the Richards amendment in committee and I hope it remains in the bill. Everybody understands the philosophy of this program. It is built upon the willingness of other countries to help themselves and help each other, and thereby help us as we help them. The question here is, how to make it succeed.

This bill as written makes it perfectly clear that we are prepared to go the second mile, whenever six countries involved go the first mile. If they do not become a real European Defense Community, our aid cannot save them but will only weaken ourselves. It is not

because we want to weaken the program in Europe that the Richards amendment is in the bill; it is because we want it to succeed.

I hope the Fulton amendment will be defeated.

Mr. CHIPERFIELD. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. CHIPERFIELD. I am against this amendment.

The CHAIRMAN. All time for debate on the Fulton amendment has expired.

The question is on the amendment offered by the gentleman from Pennsylvania [Mr. FULTON].

The amendment was rejected.

Mr. HAYS of Ohio. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. HAYS of Ohio moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

Mr. HAYS of Ohio. Mr. Chairman, I have no apology for offering this motion because I am for the bill and merely use this device to get time to try to set in proper perspective some of the things that have been said about this bill in the past few days. I cannot but feel that the inveterate hatred some people have for anything foreign has drawn them demonstrably aside from the line of dull reasoning, because it is more difficult sometimes to approach things in a calm atmosphere which is 100 percent against them. I would like to speak of the formal generalization made here yesterday that the best way the United States of America can prepare itself is to get strong and stay strong like the Roman Empire did.

I ask you: What has happened to the Roman Empire? You can go to Rome today and see the ruins of the grandeur of the empire. Why do we see nothing but ruins today? Because it was an empire built on the philosophy of imposing its will upon people by force. During the halcyon days of that Roman Empire, if you please, came the admonition of the prophet Micah out of Israel: Love mercy, do justice, and walk humbly with thy God. This admonition was overridden, downtrodden, and lost sight of. Then at the very height of the Roman Empire there came upon this earth a Man with a philosophy very alien to that of the Romans, the cornerstone of which was perhaps a rephrasing, if you please, of the words of the prophet Micah, and that was to do unto other people as you would have other people do unto you. The Romans at the direction of Pontius Pilate ordered this Man to be crucified, but they have never destroyed this ideal or His memory.

I would like to say this afternoon, Mr. Chairman, that foreign aid, military security, the Marshall plan, or whatever you care to call it, is the first time in history that any nation on the face of this earth has tried to put that philosophy into a workable idea under most difficult circumstances; and for the first time in history we have had a clear demonstration that it will work. Because of the fact that a few of its fringe programs have not worked 100 percent

is no reason to condemn the whole program. Think, for instance, of the situation in Japan, and I believe everybody in this room knows that when war in Korea first broke out, within a few weeks Japan had been stripped of almost every available American soldier to fight in Korea and that the troops who were left in Japan could probably have been gotten into this hall without crowding. Did the Japanese who had lately been our enemies rise against us? No; they did not; they went to work unloading our ships, unloading our hospital supplies, doing menial tasks we had no one to do. Why? Because we had not treated them as the Russians treated their satellites; we had not treated them as the Communists treat people, we had not oppressed them. So in Japan we did not witness the riots that just this week occurred in East Germany, but there we had a nation who had lately been our bitter enemy willing to go along and do what they could to assist us. We had cast our bread upon the waters and it had come back to us manyfold. We are living in a world today that is not altogether of our own making and, certainly, not of our own choosing. We certainly need friends.

I heard a statement made yesterday about Mr. Attlee and what he said. What did he say? I have read it. He said:

Under the American Constitution the President had no assurance that he could go to Bermuda and make a deal or make an agreement that he could get the Congress to back up.

If you think he has any assurance, I would like to refer you to the example of another President who went to Versailles with an idea to prevent another world war and the Congress would not back him up. The grandson of the very man who led the fight against the League of Nations, which was an idea to bring peace to the world, today is the representative of the President of the United States in the United Nations. That proves that some people's thinking has changed down through the years.

In closing, Mr. Chairman, I would like to say that this Nation and this world cannot remain static. We have got to grow, we have to have new ideas. This is a new one. If mankind wants to achieve peace he has to do it by working with others. If mankind wants to upset the philosophy which has gripped a great part of the world in its clutches, known as communism, then the free nations of the world must stand together.

Mr. HOFFMAN of Michigan. Mr. Chairman, I rise in opposition to the preferential motion.

Mr. Chairman, I did not gather from what the gentleman said whether he was opposed to the bill or for it.

Mr. HAYS of Ohio. I am for the bill.

Mr. HOFFMAN of Michigan. The gentleman is for the bill but he wants to strike out all after the enacting clause.

Mr. HAYS of Ohio. Well, if the gentleman will yield, that is a device I learned from the gentleman from Michigan to get a little time when you cannot

get it in any other way, and I appreciate the fact he taught me that.

Mr. HOFFMAN of Michigan. But the gentleman just misused the information he got because my motions have always been made in good faith; yours was in this case, too, I presume. The gentleman is for the bill, yet he wants to strike out its substance.

I am opposed to his motion to strike out the enacting clause, because I think there should be an amendment to the bill which would provide in substance, if it is proper parliamentary procedure, that we quit giving aid of any kind to these people until they say that they are willing to cooperate and go along with us in an effort to bring peace. This effort to buy friendship really does not work. It has not worked.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN of Michigan. Did I use the gentleman's name?

Mr. HAYS of Ohio. Yes.

Mr. HOFFMAN of Michigan. In vain?

Mr. HAYS of Ohio. I hope not. It may have been in vain because I think you are going to get defeated on your objections to the bill.

Mr. HOFFMAN of Michigan. Oh, no; I am going to win this one on the gentleman's own motion.

Mr. HAYS of Ohio. I will withdraw it. If you want to get it over with, I will ask unanimous consent to withdraw it.

Mr. HOFFMAN of Michigan. No; I just want to talk as did the gentleman.

Mr. HAYS of Ohio. May I state, then, that I did not say the program did not work. I said small parts of it had not worked.

Mr. HOFFMAN of Michigan. Small parts of it had not worked?

Mr. HAYS of Ohio. Yes.

Mr. HOFFMAN of Michigan. I just disagree with that. Small parts of it may possibly have worked. Most of it—the money spent—has been wasted. But what have we been talking about over the years? Those supporting this bill have been referring to efforts in behalf of free peoples and free nations. That is all right if you were getting anywhere. But my observation leads me to the conclusion that we do not have overmuch freedom here at home. Permit just 2 or 3 illustrations of my point. For example, just a week or so ago we were out on the west coast investigating this public-housing situation. What did we find? We learned that the housing authority, and they used some \$42 million of Federal money, is giving preference, as opposed to veterans who want housing, to known Communists. Think that one over. Are the veterans free to exercise the right to a home? They are not. That housing authority prefers Communists in Government-owned or financed homes. Free people. The Communists are free out there to live in Government-financed homes which veterans cannot occupy.

Then, a little later, a week or two later, we went to Detroit. What did we find there? We have heard a great deal about balancing the budget. I have learned indirectly, and been led to a somewhat hazy conclusion, that the

President was in favor of balancing the budget some time later, and that our distinguished colleague the gentleman from New York [Mr. REED] who has been on this particular committee some thirty-odd years, was also in favor of it and said that we could not only balance the budget, but reduce the tax rate. That I believe. I told some of the folks in Detroit this: I said, "What are you kicking about all the time?" And some of my own folks, too, "What are you kicking about all the time; because we do not reduce taxes?" when right here in Detroit and all over this country of ours we are permitting the Teamsters International Union, headed by Dave Beck, to deduct withholding taxes—no; it is not withholding; they do not withhold it; they tell the fellow he has got to deduct \$5 a week from the pay check of the worker who is getting less than \$90 a week, \$20 every 2 months, \$25 every third month; that is what the deduction amounts to—\$110 a year. I said, "Why are you kicking about the Congress all the time?" They said, "The Congress doesn't amount to anything. You haven't cut the tax nor balanced the budget." They said, "You won't cut our taxes as you promised."

Now the fellow who insists that men and women who work pay \$5 per week, is Hoppa, who was convicted because of doing that once to the grocery-store owners and now he is doing it to the employees, generally. This week and part of last week, according to his testimony, there is in force all over the United States a concerted drive by the teamsters union to stop every truck on the highway, organized trucking concerns, the trucks of farmers, and all others, and make them kick in \$25 to \$50 initiation fees, and then dues every month.

Now, why talk about free people and free nations when here at home we have that situation?

Mr. HAYS of Ohio. Mr. Chairman, I ask unanimous consent to withdraw my motion.

Mr. HOFFMAN of Michigan. I object.

The CHAIRMAN. The question is on the motion.

The motion was rejected.

(Mr. KRUEGER asked and was given permission to extend his remarks at this point in the RECORD.)

WHY CUT MILLIONS AT HOME TO SPEND BILLIONS ABROAD?

Mr. KRUEGER. Mr. Chairman, I cannot in all conscience support the Mutual Security Agency program that calls for the expenditure of such vast sums to be spent abroad.

We have already shipped billions—many billions—overseas in an effort to correct those blunders of so-called diplomacy and statesmanship that were perpetrated at Teheran, Yalta, and Potsdam. We have sent guns, planes, ships, costly military equipment; we have sent millions of tons of food, garments by the thousands, and employees by the tens of thousands across the Atlantic for the rehabilitation of Europe.

We have been generous with cultural improvement, with social welfare. We

have built factories, supplied machinery and equipment. We have torn up century-old hedgerows and stone walls so that American tractors could turn around in pocket-sized fields. We have helped them raise their own foods, have created competing producers, and added to our domestic marketing problems.

Behind it all was the preservation of peace. It was truly a laudable motive, a wonderful idea. But like so many of our idealistic schemes, has it paid off?

I will grant that we have accomplished much in the way of economic rehabilitation, but what have we done toward maintaining peace? What has been accomplished in our progress toward the goal of a free world? I have not been able to get a satisfactory answer.

The present situation in Europe offers little assurance. Can we depend on the nations who have benefited the most to stick by us? Their present actions indicate to me that they will follow whatever plan seems to be the easiest, the course most likely to leave them undisturbed; pursue whatever idea will further their ambitions.

Even now, England, having recognized Red China, continues to press for the recognition of Red China by the U. N. English ships have carried Red troops to fight against our own sons and our allies in Korea. The eyes of Great Britain look longingly toward the advantage of trade behind the Iron Curtain, financed in part by favorable deals at the expense of the American taxpayer. In Korea, the Government that we have been fighting to protect goes directly contrary to plans for bringing about a truce.

The program has had years to develop and billions to accomplish its purpose. It was so widespread and liberal that equipment made and supplied by this country has been used to advantage in killing our troops in Korea. The Iron Curtain countries have found our material and our dollars helpful in spreading the Red ideology over most of the world.

What have we bought? I am not convinced that we have purchased friendship. Instead, our dollars have fermented fear and jealousy among the nations who should be solidly and firmly united with us. We have rebuilt factories, have reestablished these countries so that industrially they are well on the way to recovery.

Have we gained friends? If present actions and diplomatic attitudes are any indication, all the resources of the Nation could be freighted across the Atlantic and we would still be looking around, wondering who was going to bury a knife in our backs. Friendship is something we have to earn, something we have to merit. The dumping of dollars and the flaunting of wealth will not buy it.

Mr. Chairman, I have watched the Appropriations Committee at work. I have helped trim the expenditures of departments and bureaus that are concerned with our domestic affairs and our progress. I went along with the reduction in funds for programs that were essen-

tial to national welfare. In the interests of lower taxes and a balanced budget, we trimmed and whittled. We took a lot of heat, a lot of criticism for our actions.

We saw the requests for the expansion of REA and RTA curtailed. We could not go along with the overall requests for the Veterans' Administration; we had to struggle to keep the school lunch program alive; irrigation and flood control programs were reduced. Hospitals, research, housing, development of the atomic energy programs were curtailed.

I do not think that it was the purpose to reduce our spending at home in order to keep up this wasteful dumping abroad. How can I justify a reluctance to expand aid to agriculture, the basis of our entire economy and then approve \$90 million for questionable broadcasts? How can I explain away the lack of funds for construction of needed public buildings at home and approve millions for quarters in Germany, France, Italy, and elsewhere, complete with swimming pools and maid's quarters.

We need to trim our Federal expenditures. We must do it to keep our Government and our Nation strong and on an even keel. But we are not going to accomplish this by whittling off a million here and a thousand there on needed programs at home and then toss billions away overseas.

I am not entirely opposed to foreign aid. I think we can invest wisely in protection, in bettering alliances, but we will not do it by foolish spending that will turn people away rather than bring them closer to us. We should apply the same principles of economy to this foreign aid program that we have to our own funds. This has not been done sufficiently to satisfy me.

Mr. Chairman, tax reduction, a balanced budget were primary objectives of this administration. We have started well on that basis, but to me this idea of blindly appropriating billions abroad is a needless detour on the road back to sanity in government spending. This measure for consideration before us today is a continuation of the ideas, the plans of the do-gooders that put us in the spot we are in today.

The voters asked for a change from the policies of the past 20 years. Are they getting it?

I campaigned in the last election on the promise that I would help eliminate unnecessary expenditures in order to balance the budget, and give relief to the American taxpayer. This promise I will keep. This pledge I will work for.

Mr. SMITH of Wisconsin. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

On page 2, line 8, strike out "\$1,081,620,-493" and insert "\$966,620,493."

Mr. SMITH of Wisconsin. Mr. Chairman, before getting into the subject matter of my amendment, I think we ought to have clearly in mind just what the issue is in this legislation. I am wondering if anyone can tell me just how this program will create sufficient will in the people of those countries who receive this aid to resist communism. Now, that is not a military problem. I yield to no

man in my desire for the security of this country, and certainly I will do my part to help any program that aims to make our country secure.

I want to ask another question, one that I asked yesterday: Where is the real threat of military aggression? There is no testimony in the hearings that there is such a threat. Has there been a showing so far in this debate that the people of Europe live in fear of communism? I do not think so.

It was my privilege to be in Europe at Eastertime with a study mission, and the subcommittee came back and we reported to you that there was no fear of communism in the hearts and the minds of the people there. Yet here we are today engaged in a great \$5-billion undertaking. I think the time has come for us to answer some of the questions that are relevant to the issues raised in the bill.

Mr. Chairman, I am offering an amendment which is related to the Asiatic sector, and I am offering an amendment which would reduce the amount by \$115 million. Here again, the same as this morning, we have an item that is secret. We cannot talk about it. About the most that can be said is in the majority report, and I am going to read it:

Destruction of Japanese military power has created a defense vacuum on the periphery of the Communist world. In restraining Soviet aggression, Japan occupies a position analogous to that of Germany in Europe. Its ability to defend itself is a matter of paramount concern. The Japanese constitution prohibits creation of an army, navy, or air force, but does not prohibit a home guard or police force.

I think I can say in this connection that so far as the program for Japan is concerned there is none. There is none. I can say further to you that the amount contained in my amendment is less than those who have been trying to plan a program say is necessary for it. I think we ought to refrain now from writing any blank checks, and that is exactly what you are doing unless you support my amendment. It means that the Government of Japan is going to be able under the plan that has been suggested to use an amount for preparedness which under their constitution is prohibited. I call your attention to the fact that that prohibition in the Japanese Constitution was insisted upon by General MacArthur when he was in command.

[Mr. LONG addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. WHEELER. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, when I came to this body about 7 years ago, I had just returned from war-torn Europe where I had served in the Military Establishment of this country for approximately 2 years. One of the first major issues that was presented to me, after assuming my position in this body, was the question as to whether I should support the so-called Marshall plan. Yielding for 2 years on 2 separate occasions to my feeling of regard for suffering man-

kind, and in an attempt to help those people rebuild their economy, I voted to spend American tax money under the Marshall plan, as I say, for humanitarian reasons. Then, a little later on, when the program had changed name, and when the proponents of the program stated their reasons to get my support and the support of others, they said, "Yes. The economies of those people whom you proposed to help those first 2 years have been rebuilt, but," they said, "now you must support this new program as a program in opposition to Russia." They painted a terrible picture of that which would happen to your country and mine if Russia were not contained.

I did not buy that bill of goods. I wondered for a while as to whether my position was justified. Not being an expert in the field of foreign affairs or an expert in the field of military affairs, I sought advice on this subject; and if my memory serves me correctly, the great American who now is President of the United States was just a little over a year ago quoted in the press of this country as saying that the American people had no more to fear from the Russians than one did from a bunch of pollywogs swimming down a muddy creek. I am quoting the man who was Candidate Eisenhower at that time. He justified my position, I thought. As to whether or not he knew, I leave to you to decide.

Perhaps I can seek other sources of information as to the military potential of Russia; perhaps one of the Associate Justices of the present Supreme Court whose name has been in the news for the last few days and who has officially applied for a visa to the Soviet Union—now that the Court I presume will recess again and he will have a chance to use that visa, maybe he can advise us as to the potential in Russia when he returns.

When asked a few minutes ago as to whether I objected to that visa being granted, my answer was that I did not object so long as they would grant it on a one-way permanent basis. Upon being questioned further as to whether I wanted that particular Justice out of this country, my answer was that I wanted him removed from the Bench in the most expeditious manner possible.

I am still left in doubt as to just what your reasons are for passing this bill.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

(By unanimous consent, Mr. WHEELER was allowed to proceed for 5 additional minutes.)

Mr. WHEELER. Your President told me a year ago that we had no more to fear from Russia than from a bunch of polliwogs swimming down a muddy creek. One of his spokesmen came before my committee a few days ago, a spokesman for the administration, testifying on the pending wheat-for-Pakistan bill; and in answer to my question he said that he would take American wheat and do not let anybody kid you, it is costing American dollars—that he would take wheat and feed hungry people, Communist or non-Communist within or without Russia.

This conflicting testimony leaves me somewhat confused, and I am not ashamed to admit it. They tell us now that we must—I heard a speaker right here today say that we must take the aid of Spain, take the aid of France, take the aid of Italy; as I sat there and listened my reaction was that if we got it we would probably have to take it; it would not be offered.

On whose side will France fight if world war III comes? Will she fight on our side? On whose authority do you get that advice? The spokesman for which French Government are you listening to? I ask you again, on whose side will Italy fight? The margin is very narrow over there.

Another question that has been asked before but has not been answered to my satisfaction, is how is this program, whether you call it ERP, the most appropriately named program yet, going to work? You say it will keep war from coming. Since when? Ask the mothers and fathers of those casualties in Korea.

You say, well, we must support it because the President submitted the question to the American people last year and the American people, you say, by overwhelming majority placed their stamp of approval on it. Will you please tell me what alternative they had? We were misguided in our convention, too. I heard a lot of my folks say they were going to vote Republican because they assumed that you might not adopt this whole New Deal program, Fair Deal program, or whatever kind of deal you want to call it. And, as the gentleman who preceded me has already said, you have swallowed it hook, line, and sinker. Now, you are not only going to give the Pakistanians wheat but you are going to pay them to take it and pay the freight to send it over there.

You ask, How much longer will this program last? Somebody said 10 years. In view of the evidence I have heard, I am constrained to think that there are a few more countries in this world where we have not been told: "Go home, Yank." The proponents of this bill propose to extend it until we have been told: "Go home, Yank" in every nation on the face of this earth. Is that how long you are going to continue it? How many nations are left where the Yanks have not been told to go home? Is that the thanks we get?

I would like to have the answer to some of these questions if you want me to vote in any way, shape, or fashion for this boondoggling program.

There are a great many more pertinent questions I would like to ask about the proposed extension of this program, but the lack of time will preclude me from asking them. There is one thing, however, that I want to make abundantly clear and that is my desire for this country to be militarily strong to the point where we are capable of deterring aggressive action against us by any foreign power. No amount of such military might can be effective if it is to be hamstrung as our power has been in Korea.

If you can convince me that this mutual-security program is the most effective way of guaranteeing our security, I will not only vote for the pending bill, but would vote to increase the amounts sought to be authorized. I do not believe this is the way to secure our future. In my opinion, and I believe history will prove my position correct, the only way to secure and maintain our security is to build a strategic Air Force that is capable of commanding the skies anywhere and everywhere in the world. If it takes the amount of money sought by this measure to build such an Air Force, I would gladly vote to spend it. If we can command the sky, we will have both security and friends in the world. Without such strength, we cannot command the respect or friendship of any nation on earth.

Mr. LANHAM. Mr. Chairman, I rise in opposition to the pending amendment.

Mr. Chairman, I do not have the eloquence of my esteemed colleague from Georgia, Hon. DON WHEELER, whom I greatly admire and respect, and certainly I cannot match the oratory of the very eloquent doctor, the gentleman from Louisiana [Mr. LONG]. But I must speak out to try to correct the impression their speeches may have left.

I would like to ask the gentleman from New York [Mr. REED] which side today is appealing to the emotions of the Members of this House and which side is appealing to the intelligence, or attempting to appeal to the intelligence, of the Members of this House? What I say to you this afternoon comes from my heart, but I hope it appeals to your intelligence.

Come, now, let us reason together just for a few moments about this specific amendment. Oh, you say, we are going to write a blank check to the President and the Secretary of State. You know, I am a Democrat and I did not vote for Mr. Eisenhower, but I do have confidence in him and his leadership and I am glad to see that just a few of his own party are willing to trust his leadership. If any man in America knows what is necessary in Europe and what ought to be done in Asia, it is President Eisenhower.

Mr. Chairman, do you know that we are in the middle of the most serious situation in Korea that we have yet faced?

I, along with other members of the Subcommittee on Asia, of the House Committee on Foreign Affairs, attended a conference this morning in the office of the Secretary of State. I cannot tell you what transpired there but I can tell you this, that the Secretary of State proposed to us or told us of a dilemma that has four horns, and if we choose any one of them, we are going to have a rough ride. Are you going to refuse to give the President and the Secretary of State and our Defense Department the money to do what is necessary in Japan, in view of the situation that exists today in Korea? You are not going to have a truce in Korea tomorrow or the next day. I hope we are not going to have an in-

tensified war, and if we will all be calm and if we will keep our heads and if we will support the people in America who know best what is necessary and what we ought to do, we may avoid a more extensive war.

Let me say this. You say that all of the money that we poured into Europe has not brought us peace. What have we been trying to do in Europe? As Dr. Judd said on yesterday, we are not trying to buy friends in Europe or in Asia. We are not trying to bribe anybody. We are trying to make strong those people who may be able to defend themselves, and in defending themselves who may be able to help us in defending ourselves against the Russian menace and the menace of this godless communism.

My friends, let us not get fainthearted now that we begin to see the results of all the money we poured into Europe.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

(Mr. LANHAM (at the request of Mr. McCORMACK) was given permission to proceed for 5 additional minutes.)

Mr. LANHAM. What do you think is happening behind the Iron Curtain today? What do you think the revolt in East Berlin means? It means that this rotten thing that the gentleman from Minnesota, Dr. Judd, talked about yesterday is cracking up as it must crack up if you believe in God and if you believe this is a moral universe in which we live. As the gentleman from Ohio said just a few minutes ago, the Roman Empire fell because it was based upon the wrong principles, the basis and philosophy was immoral. Now I have faith that we do live in a moral universe and I have faith in the spiritual forces of life and I see now the beginning of the triumph of those forces in Eastern Europe.

My friends, we are just on the verge of victory in Europe. Why, you say, we wasted our money on Turkey and on Greece. Nothing could be further from the truth. Are you blind to what happened last week when Russia said that she no longer had any claim on the Dardanelles; that she abandoned all of her claims against Turkey? Why do you suppose she did that? Do you not think that the help we have been giving to Turkey and the help we have been giving to Greece and the help we have been giving to Yugoslavia has had something to do with the action on the part of Russia? Did they do it voluntarily? They did it for that reason, and they did it for the other reason I have spoken to you about, because there is a revolt brewing behind the Iron Curtain. The first crack has come. Slaves have never defeated freemen, and slaves never will. You may keep slaves in subjection; you may keep men in subjection for a time, but you cannot do it forever. The end of that crooked, rotten regime is coming.

I have supported these varied aid programs because I did have faith that this is a moral universe in which we live, and that God's laws cannot be violated without the violator's dashing himself upon the stone upon which those laws are written. I have never yet lost faith.

Some days it has been dark and I have doubted what was ahead. But, Mr. Chairman, we are beginning to see the light. I have supported these programs because I have felt that at Stalin's death the very thing would happen that we see happening today. The people who have been held in subjection not only in Russia but in all of Europe are rising up against the tyranny under which this nation and the unholy and immoral and godless system upon which it is founded has held them. Now we are beginning to see the light. The crack in the Iron Curtain has come. When we have come this far, are we now going to weaken? Are we going to turn back? Are we going to withdraw from the support of these people who themselves now can see the light and who are beginning to see some chance of their defending themselves?

Do not let anybody tell you this is a giveaway program. I know mistakes have been made. I know some of the money has been wasted. I know not all of it has gotten down to the people whom we would really like to see have it. But, by and large, it has saved Europe from communism, and it will save Asia from communism. Let us not weaken. Let us give this money to the President and let him do what he can do in Japan so that whatever comes in Korea our flank in Japan is protected. Moreover, a portion of this proposed cut would go to Formosa, to the Philippines, and other areas in Asia, where the most serious threat to our fight against communism now exists.

I hope that this amendment is defeated and that the bill will pass without crippling amendments.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on this specific amendment and all amendments thereto close in 15 minutes, the last 5 minutes to be reserved to the committee.

Mr. WILLIAMS of Mississippi. Mr. Chairman, I object to the request in that form. I see no reason why the committee should have 5 minutes. I believe in giving everybody equal time.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that the time be 15 minutes, to be evenly divided among the 4 Members now standing.

Mr. BURDICK. I object, Mr. Chairman.

The CHAIRMAN. Objection is heard.

Mr. BURDICK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have not said anything about this bill for 2 days. I do not know that I would have arisen to say anything, but it looks to me as if you do not know what you are doing, and if I do know what I am doing, it is my duty to disclose what I have in mind. I want the gentleman from Georgia [Mr. LANHAM], who did not answer questions propounded by the gentleman from Georgia [Mr. WHEELER] to understand that I am appealing to his intelligence. Here is the situation. I have no objection to what you want to do because even if this bill is amended to suit me in every particular, I will vote against it anyhow. So you know my attitude and the

people of the country know it. But let me tell you you will never develop anything in Europe against communism when you have England trading with the Communists. We have poured \$40 billion into Great Britain, and they have been busy all the time trading with the enemy. We gave them steel that we needed here at home. What did they do with it? When they got it into Great Britain, they sold it and traded it to the Russians. And England has been busy hauling Red troops around the world. One hundred ships have been found hauling troops for the Reds. Can you beat a country that will trade with the enemy and furnish them with munitions when their own men are getting it shot back at them? You must have friends more loyal than that.

So far as influence is concerned, I have said before I would rather have Rhode Island with me 100 percent patriotic than the entire British Empire.

If you want to spend this money, go ahead and spend it, and continue as foolish as we have been in the past. Have you accomplished very much? You are spending it to overcome the mistakes this Government made when you entered into secret treaties at Teheran, Yalta, and Potsdam. That is where you gave in to the Russians. That is where you encouraged them. There is no greater blot on the history of America than that committed by us in Potsdam when we consented to let the Russians take half a million German people into the slave camps to labor and die. There they are yet—what is left of them, and we consented to it. Most of the money that we are spending since that time is to overcome the mistakes that we made before. What assurance have you now that this money will be spent in the interest of humanity? Some people say I am an isolationist. Well, if sticking up for America and trying to preserve our Constitution and the institutions of this great, free country are the elements of an isolationist, then I admit I am a good one. I have never felt that way at all. My people have been in this country for 330 years. We have never been isolationists. We want to trade with the world, and for 150 years we did. We maintained on this continent a great empire of freedom where people could come from every country and partake of our system of government, and here you are today in this body—most of our sires were foreigners at one time.

If we cannot rely on the loyalty of Great Britain in any common effort, or as an ally in actual war, why do we desire to spend any more money where we know we shall be paid back in perfidy and disloyalty.

The CHAIRMAN. The time of the gentleman from North Dakota has expired.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that debate on this amendment and all amendments thereto close in 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. GAVIN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, for the benefit of my Republican colleagues, I hurriedly sent over to the office to secure one of my campaign speeches made in the last campaign. I want to call to the attention of my Republican friends what I said during that campaign. Here it is:

There is need for new leadership. Today we are assailed by doubts and insecurity. Even in the darkest days of the American Revolution the people never lost faith in the outcome, but today we are experiencing fear for our national security. This fear has been created to intimidate our people.

On the international scene we have been outbargained, outsmarted, and outmaneuvered. We have undergone humiliations unparalleled in our history.

The art of statecraft is rapidly vanishing, particularly in the field of foreign policy and national defense. We have had an administration operating under the appeasement policy. Every time a breeze wafts from the Kremlin our leaders in Washington tremble anew, seeking a peace that is impossible to obtain while their blunders continue. They advocate appeasement and more appeasement. While they appease, the Soviet Union grows stronger in armaments and prestige.

For 20 years, starting with the recognition of Russia in 1933, our Government's official policy has been to appease Russia, and up until our troops were sent into Korea we let them have no more than a polite slap on the wrist.

The past few years, the administration's chief instrument of foreign policy has been the dollar. It has pursued a policy of trying to buy friends by pouring unlimited billions into foreign countries for the mere asking. Foreign aid between July 1, 1945, and March 31, 1951, totaled \$32.7 billion or \$220 for every man, woman, and child in the United States.

Even with an approximate \$260 billion debt hanging over this Nation, which eventually the American taxpayers must pay, we are expected not alone to feed and finance ourselves, but to feed and finance the world; equip them militarily and send our boys across the seas to do the fighting.

It appears that the annual deficits of the Atlantic-pact countries, or the so-called United States of Europe, will be expected to be absorbed annually in our budget setup and that European and Asiatic spending is a regular thing that is here to stay and is going to be part and parcel of our budget setup just the same as the Post Office Department, the Agriculture Department, the judiciary, and every other branch of the Government.

How long the economy of this country can stand the terrific drain on our resources and finances is problematical. How long can the American people stand up under the heavy taxes bearing down on them?

I deeply sympathize with all the people of the world. However, we cannot achieve a strong military posture by exhausting our finances and resources

all over the world; scattering our hits in so many different directions that we could not win a game if called upon to do so.

Our principal concern must be the defense of the United States, and unless we remain strong we can neither assist other nations nor protect our own freedom.

It is about time we sloughed off on our spending, and let the countries of Europe slug it out a little harder and give relief to the American taxpayer who for the past number of years has accepted with a generous and fine spirit this responsibility of rehabilitating the countries of Europe and Asia. The economic rehabilitation of France, Italy, Germany, and Britain has largely been accomplished, and with few exceptions these spending programs in Europe should be terminated at once.

That is what I said then about the foreign policy and foreign spending during the last campaign. I wish I had the time here today to discuss the matter further but permit me to state that with few exceptions this economic aid should be terminated. It is my opinion that our principal concern must be the defense of the United States and unless we remain strong we can neither assist other nations nor protect our own freedom. The American taxpayer has had no relief from this vicious burden of taxation and today we again authorize five billion more spending. Certainly the time has come when the taxpayer is entitled to consideration and relief.

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Chairman, I think we have gotten very far afield from the matter which is before the Committee of the Whole at the present time, and while the speeches made have been very interesting, they were not confined to the amendment which is before us at this time.

The amendment before us is the one offered by the gentleman from Wisconsin [Mr. SMITH], to reduce the aid for military assistance to the Near East and Africa by \$115 million.

It is rather strange that that amendment should come from a Republican source. I am sure that my Republican friends will not be disturbed or feel that I am engaging in any political activity in what I am about to say.

Mr. VORYS. Mr. Chairman, will the gentleman yield for a correction?

Mr. McCORMACK. I yield.

Mr. VORYS. The gentleman said "the Near East." I am sure he meant the Far East.

Mr. McCORMACK. "Military and other assistance for Asia and the Pacific"—yes; the gentleman is correct, and I meant that.

I am sure my friends on the Republican side will not be disturbed when I call to their attention that that has been one area of the world where throughout the past 5 or 6 years they have been very deeply interested, and I have been deeply interested; and this particular amendment if adopted will seriously interfere with the actions on the part of our Government in a part of the world where the Republican Party during the

past 5 years as a minority party has shown great constructive interest as I thought. I think it is fair to call to their attention their policy as a minority party and to remind them that they should remain consistent in that policy as a majority party.

I have no fear to vote to obligate funds to any man who is President of the United States to use when in his opinion the national interests of our country need it. This money, the purpose of which, the members of the committee are aware but about which they can say little publicly—and I appreciate that fact and the necessity for it—will be used by the President of the United States for the national interest of our country.

My good friend the gentleman from Wisconsin [Mr. SMITH] asked a question that he said has not been answered: Where is the real threat of military aggression? My friend may have his views and I respect them, but I have mine, too. If Greece and Turkey were now under Communist control, if Italy, France, Belgium, and Western Europe were under Communist control—and 4 or 5 years ago it looked as though that might happen—then there would be a real threat to the United States of America. I would not want to see the 200 million people of Western Europe who are outside of the Iron Curtain brought under the domination of the Communists. I would not want to see the brains located in that area brought under the control of the Communists, but, above all, I would not want to see the production capacity of that area brought under Communist control. If the Soviet Union and its satellites ever obtain control of Western Europe, either directly or through satellite governments—that means control by the Kremlin—then, from the production angle alone, the Soviet Union would have almost as much production capacity as the United States of America. So, to me, I can see a real threat, not only ideologically but from a military angle, and I think the money we have appropriated has been in the national interest of the United States.

I thoroughly agree that we should not appropriate one penny to build up another country economically, and I have not been doing that. There are those who may disagree with me, and I respect their views, but every penny I voted to appropriate was money that I consider to be in the national interest of the United States of America.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. JUDD].

Mr. JUDD. Mr. Chairman, a partial quotation was made here this afternoon from a statement said to have been made by President Eisenhower last year, to the effect that there was no more reason for Americans to fear the Russians than to fear polliwogs coming down a stream. But there was a condition attached to that statement and the condition was not quoted. Indeed, there is no reason to fear the Russians, if. If what? If we ourselves stay strong, if we help keep free the parts of the world that are still free, and if we help those people who are oppressed to become free. That is the

"if" which was omitted. This whole bill has to do with fulfilling the second and third part of that "if." The proposed amendment would cut down the "if." Were we to weaken ourselves or our allies, or abandon those who have been enslaved by our enemies, then there would be reason to fear; but there is no reason to fear if Americans remain Americans and look facts in the face and mobilize their own strength and that of our allies. That is what President Eisenhower believes. So do I.

It is particularly important that we not cut down, as the gentleman from Georgia [Mr. LANHAM] said, right at this moment when the Kremlin is backing up. This is not the time to begin relaxing our pressures. I thought almost the first law of military strategy is that when the enemy begins to weaken, press, do not retreat or soften.

It has also been said today that this program in past years did not prevent war in Korea and that a good many of our boys have died. But why did it not prevent war in Korea? Because it was not tried there. We did not follow this policy in Korea; in fact we repeatedly refused to help or even let the Koreans build up their military strength. Nobody criticized the previous administration for that failure any more than we did on this side of the aisle. As the gentleman from Massachusetts [Mr. McCORMACK] properly reminded us, we Republicans criticized the Democrats because they did not follow a strong policy in Asia. That is why our boys are dead.

Are we ourselves now going to cut funds for that very area of the world, and further weaken it? I am sure that if we stop to think about it, we will not vote, as we have, to reject cuts for Europe where there is no war, only a possibility of war, and then cut by 10 percent our help to those areas in Asia where there is a war, in fact, two wars. Furthermore, it is an area where we have been losing ground from the standpoint of our long-term security interests.

Let me remind you on my side of the aisle that the Republican platform said:

In the balanced consideration of our problems we shall end neglect of the Far East which Stalin has long identified as the road to victory over the West. We shall make it clear that we have no intention to sacrifice the East to gain time for the West.

That is what our platform stated. We did not say that Asia is more important than Europe or that Europe is more important than Asia. We say we cannot save either of them unless we save both of them. We wanted better balance, and this bill provides it. It increases the percentage of funds to Asia from 14 to 24 percent.

It is said that the cut is proposed because there is no military aid for Japan in the bill. It is true that no negotiations are going on with Japan to build up its arms because it has a constitutional provision against such rearming. But Japan is not all of Asia. Indochina is in this bill; Thailand is in this bill. They are vital parts of southeast Asia where the riches of Asia are.

Why did the Kremlin work so long and hard to get China? Because that was

the first step she had to take in order to get to the riches of Asia. China, with the exception of Manchuria, is largely a deficit area; Korea is largely a deficit area. Russia had to take them on the way down to southeast Asia where the tin, the oil, the rubber, and, perhaps most important of all, the rice surpluses are. Protection for the riches of Asia is in the authorization which the amendment would cut.

The Philippines are in this authorization; Formosa is in this authorization. We are not permitted to report to you what the present plans for division of this total sum are, and you can see the obvious reasons for that. We are fighting various kinds of wars in Asia. It is not good sense to tip our cards to the enemy, how much is going here and how much is going there. It is not good sense to tell even our friends ahead of time that definite amounts are earmarked for them. In so fluid a situation, we can do better if we have a certain amount of leeway and flexibility. Shifts may be required. Those that play ball and cooperate may get a little better treatment, for they deserve it. I am sure everybody understands why the committee is not permitted to reveal the way in which this total amount is broken down.

But, having made as much fuss as some of us have made about the failure of the previous administration to pay adequate attention to Asia, surely we do not want to continue the sort of policy we have condemned. We cannot do anything now about the past; it is water over the dam. But we must not make it worse by today being so shortsighted as to reduce aid to the forces that are already hard pressed in that particular part of the world, the part of the world where we are in greatest trouble.

I urge you to vote against the amendment offered by the gentleman from Wisconsin.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. SMITH].

The amendment was rejected.

The Clerk read as follows:

CHAPTER II—MUTUAL DEFENSE FINANCING

SEC. 201. Authorization of appropriations: (a) The Mutual Security Act of 1951, as amended, is amended by adding after section 540 the following new section:

"SEC. 541. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$200,000,000 to carry out the provisions of section 101 (a) (2) (relating to defense support and economic assistance for Europe), and not to exceed \$84,000,000 to carry out the provisions of section 302 (a) (relating to defense support, economic and technical assistance) for the National Government of the Republic of China and the Associated States of Cambodia, Laos, and Vietnam."

(b) Such act, as amended, is further amended by inserting after section 101 the following new section:

"SEC. 102. There is hereby authorized to be appropriated to the President for the fiscal year 1954, to be made available on such terms and conditions (including transfer of funds) as he may specify, (1) not to exceed \$100,000,000 for manufacture in France of artillery, ammunition, and semi-automatic weapons required by French forces

for the defense of the North Atlantic area, and (2) not to exceed \$100,000,000 for manufacture in the United Kingdom of military aircraft required by United Kingdom forces for the defense of the North Atlantic area."

(c) Such act, as amended, is further amended by inserting after section 303 the following new section:

"SEC. 304. There is hereby authorized to be appropriated to the President for the fiscal year 1954, to be made available on such terms and conditions (including transfer of funds) as he may specify, not to exceed \$400,000,000 for the procurement of equipment, materials, and services (as defined in section 411 of the Mutual Defense Assistance Act of 1949, as amended) which are required by and are made available to, or are necessary for the support of, the forces of the Associated States of Cambodia, Laos, and Vietnam and the forces of France located in such Associated States."

Mr. ADAIR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ADAIR: On page 2, line 19, strike out "\$200,000,000" and insert "\$130,000,000."

Mr. ADAIR. Mr. Chairman, I should like to direct the attention of the Committee to the fact that we now, by this amendment, consider a new aspect of this program. Heretofore we have been considering military assistance. This, you will observe, is the first amendment offered under that chapter dealing with mutual defense financing; in other words, this is in the field of economic aid or economic assistance.

There are those in this Chamber who have heretofore expressed the view that some adjustment might well be made in that field. If that is your opinion, here is your first opportunity to demonstrate it.

Let me tell you what this amendment does. This section, as you can determine by reading the majority report, first called for an appropriation of \$300 million for the countries of Austria, Germany, Greece, Italy, Spain, Turkey, Yugoslavia, and the United Kingdom, with a sum remaining undistributed. The committee reduced that amount by \$100 million, leaving an aggregate of \$200 million in the bill.

If you read the majority report you will find that although it is not specifically spelled out the inference is that the first \$100 million would come from the United Kingdom. Now I want to say again so that there will be no question about it, this proposal of mine would reduce economic aid from \$200 million to \$130 million. In this portion of the bill there is no provision for military weapons. There are no military end items.

Before I tell you what, in fact, there is here, let me say that among those countries that I just named are many who have great traditions; many who have traditions of friendship and support for this Nation of ours. Certainly it is not my desire here to say anything derogatory about those nations, nor to harm them. What I am saying is that by this amendment I think they can continue to receive that help which is necessary yet at the same time in the field

of economic aid give some relief to the American taxpayer.

Here are the items that are in this paragraph of the bill: Coarse grains, cotton, bread grains, petroleum, machinery, freight, iron, steel, chemicals, and fats. Those, by and large, are the items which are in this portion of the bill and which I am asking this House to reduce by \$70 million. If you believe as I do that we can do all that is necessary to help those who are our friends yet at the same time give some relief to our taxpayers, here is the opportunity to demonstrate it by voting for this amendment.

Mr. HALLECK. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 15 minutes, the last 5 minutes to be reserved to the committee.

Mr. WILLIAMS of Mississippi. For the same reason as stated a few minutes ago, Mr. Chairman, I object.

Mr. HALLECK. If I understood correctly, that would be 5 minutes for everyone who was standing. Did I understand the gentleman to say that he objects to the reservation of the last 5 minutes to the committee?

Mr. WILLIAMS of Mississippi. If that provides for an unequal distribution of the time, yes.

Mr. HALLECK. It does not provide that. It provides 5 minutes for every Member who was standing at the time I made the request, and it included 5 minutes for the committee. That has been the usual practice and I think it should be done.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. WILLIAMS of Mississippi. Mr. Chairman, did the gentleman renew his request?

The CHAIRMAN. The Chair so understood, and so ruled.

Mr. WILLIAMS of Mississippi. I was on my feet, Mr. Chairman, and I wanted to object to any reservation being made that would show preferential treatment to the committee.

The CHAIRMAN. As the Chair understood it, only 3 Members wanted time, and they will be recognized.

Mr. WILLIAMS of Mississippi. In that case I of course withdraw my objection, Mr. Chairman.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. FULTON].

Mr. FULTON. Mr. Chairman, I offer a substitute amendment.

The Clerk read as follows:

Substitute amendment offered by Mr. FULTON: On page 2, line 19, strike out "\$200,000,000" and insert "\$100,000,000."

Mr. FULTON. Mr. Chairman, it seems that I am one of the most conservative Members on the floor, but these are amendments which I feel should be in the bill in order to get a good, efficient working of the mutual security foreign aid program.

I have continuously supported the mutual security program and the various military aid programs on the basis of United States security. I have done that

right through every Congress, as you know, although in each year I have voted certain cuts and have sponsored certain cuts which I felt were advisable to save the taxpayers' money.

This cut is within the framework of the efficient operation of the program under this bill. My amendment is a cut of \$100 million in the general economic aid to Europe. The present figure in the bill in section 541 is \$200 million. This amendment cuts only economic aid. Just as the gentleman from Indiana said, neither his amendment nor this amendment in the least affect military aid. The amendment offered by the gentleman from Indiana is one that cuts \$70 million worth of economic aid from the \$200 million economic aid to Europe. My amendment cuts the general economic aid for Europe by taking \$100 million from the \$200 million figure now in the bill.

You say to me why do we do that? The gentleman from South Carolina [Mr. RICHARDS] said yesterday these nations—the six European Defense Community nations—are now on their economic feet. I believe so, too. We come to a time in these countries when we go beyond security and we then are giving end items that are current living items. There are many people in my district who do not have a standard of living that many of the European countries have, or even their average citizen has. I represent the South Pittsburgh district, the city of Clairton, and the Neville Island industrial area, the southern wards, and we have many people that are poor there. In addition to these workers there are many suburban and business and professional people who are paying high taxes and this tax money must be spent economically.

I have been to Europe, as I said, just a month ago. I have seen the prosperity of many of the European countries. They are getting along and I do not want to hurt them. Why should we cut this particular economic aid? The purpose of it is this. I have another amendment that should interest the farm representatives here because I would cut part of the money out of the program and put in farm surpluses. So I have an amendment that emphasizes that farm surpluses should be used in this program and payment should be taken from this authorization. The amendment is this. It will be put in later:

It is the intention of Congress, where feasible under this act, that this act will be so administered that surplus foods, grains, and commodities, now or hereafter held by the various agencies of the United States Government, shall be substituted for other forms of economic aid specified in this act, and shall be paid for out of funds herein authorized.

That means that the people who are in districts that have agricultural surpluses will have a chance to have those surpluses purchased under this program, wherever feasible, as the substitute for this economic aid that might be going into things that are not as necessary. The United States will be much better off propagandawise if we will supply surplus American food to those countries as long as it is economic

aid, rather than simply make up the deficiencies in their budgets that are not food. Remember in these countries you have budgets, including everything from the health plan and the socialized insurance plan in England to keeping up the parks of Paris.

Mr. HARRISON of Virginia. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield.

Mr. HARRISON of Virginia. Is it not a fact that the Sawyer report last fall recommended the end of economic aid in Europe?

Mr. FULTON. Yes; businessmen who have been to Europe as well as the Sawyer report all say Congress should end economic aid to Europe as quickly as possible and let them stand on their own feet economically. The United States must come to that point of cutting foreign economic aid some time, or many of these countries will be living from the United States economic aid all our lives. I am against continued economic handouts which cannot be directly connected with the security and safety of the United States. Foreign boondoggling programs by foreign governments are just as distasteful to our American taxpayers, as are domestic boondoggling programs when proposed by our own governmental departments.

[Mr. HARRISON of Virginia addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. BENTLEY].

Mr. BENTLEY. Mr. Chairman, this question of so-called economic defense support is the last remnant of the Marshall plan as far as I can see that is in this program today. I do not think we have had a country-by-country breakdown on the committee authorization, and I would like very briefly to give it to you.

Twenty million dollars for Austria.
Fifteen million dollars for Germany.
Twenty million dollars for Greece.
Twenty million dollars for Italy.
Ten million dollars for Spain.
Fifty million dollars for Turkey.
Forty-five million dollars for Tito—that is in the bill too.

Some of us tried to go into this program a little bit and find out just what these countries were after, what they needed, and where they could be cut.

The gentleman from Indiana [Mr. ADAIR] told you this is basically a question of subsidizing their imports of certain things, such as coarse grains, raw cotton, machinery, chemicals, petroleum, fats, and things like that.

As the gentleman from Virginia [Mr. HARRISON] I believe just said, the unanimous recommendation of people who have been in that area, who have seen it, people unconnected with the Government in many cases, has been that Western Europe is economically self-sufficient and able to stand on its own feet. We are not asking for the complete elimination of this amount, but we do think, for example, that in the case of Spain, where there is a carry-over, I believe, of—I forget the figure now, but it is included in

that \$125 million carried over from last year—that further economic assistance at this time is completely unjustified.

Likewise; we can see very little reason for this \$45 million assistance to Yugoslavia for reasons which have been given here to such an extent that I shall not bother to repeat them.

We have been told by those whom we believe to be competent, that Italy is completely self-sufficient and is as far advanced as they can get under their present government. We are told that Western Germany is completely self-sufficient. And in both cases those areas do not require any further assistance.

We, however, leave enough in this authorization for the administration to make the most effective use of it in cases such as Turkey, for example, and Austria, where the need is completely justified.

I urge that the amendment be supported.

Mr. RICHARDS. Mr. Chairman, I rise in opposition to the amendment.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Ohio.

Mr. VORYS. Is it not true that we cut this item from \$300 million to \$200 million in committee so as to eliminate \$100 million that went to Great Britain; so we cut it already 33⅓ percent?

Mr. RICHARDS. We cut this item \$100 million and the reduction was intended to apply to Great Britain. The committee report states that clearly. The reason is that Great Britain has been able to reduce its taxes.

Mr. VORYS. Is it not also true—and I refer you to page 11 of our report—that the comparable item last year was \$1,402 million as compared with \$200 million this year?

Mr. RICHARDS. That is right.

Mr. VORYS. So that there has been a gigantic cut in this defense support money to keep these economies going?

Mr. RICHARDS. That is correct.

Let me say this. We talk about economic aid in this bill. So far as I am concerned, economic aid as such ended with the Marshall plan. If it were not for the military buildup plan in Europe, we would not be asking for this defense support. Defense support is the financing of commodity exports to countries in order to support their defense effort. The only reason I recommend this is because through defense support we offer very limited amounts of civilian-type commodities to Europe. It is a constantly shrinking amount. This bill contains \$200 million to be divided among 7 countries. Certainly that amount divided so widely can hardly be said to be the Marshall plan. Let me make another distinction between this item and the ECA operation. The defense support in this bill is for limited amounts of food, cotton, and other raw materials. Less than \$40 million is for machinery. I think that disposes of the argument that this is a continuation of the old ECA which was devoted to rebuilding Europe's industrial base.

We are not concerned with holding up the economies of those countries; those

days are gone. What we are proposing in this bill is a small amount of incentive goods that will enable Europe to produce more for its own defense. It is cheaper to have Europe make as much of the military goods as it can rather than to have us send it over there.

What countries will get some of this money? Austria, an outpost of the free world. Greece and Italy, important bastions against communism. Turkey, a strong ally for the free world. Yugoslavia, Germany, and Spain will get small amounts to help them increase their military output.

I think it would be poor economy to cut this item. We will get a greater return on this money than we will from an equal amount used for military end items that are sent directly from this country.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. GROSS. Is not the gentleman splitting hairs when he says this is not economic aid?

Mr. RICHARDS. I tried to explain that.

Mr. GROSS. Is not the gentleman just splitting hairs when he says this is not the old Marshall plan?

Mr. RICHARDS. I say it is not the old Marshall plan. The gentleman from Ohio [Mr. VORVY] has stated the figures accurately. It is economic aid of a very limited kind and amount to enable a few countries to improve their defense output. It is just as important as the military portion of the program.

I hope the amendment will be defeated.

The CHAIRMAN. The time of the gentleman from South Carolina has expired, all time for debate on this amendment has expired.

The question is on the substitute amendment.

Mr. FULTON. Mr. Chairman, I ask unanimous consent that the amendment may be read again.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. FULTON as a substitute for the amendment offered by Mr. ADAIR: On page 1, line 19, strike out \$200,000,000 and insert "\$100,000,000."

The CHAIRMAN. The question is on the substitute amendment.

The question was taken; and on a division (demanded by Mr. FULTON) there were—ayes 67, noes 120.

So the substitute amendment was rejected.

The CHAIRMAN. The question recurs on the amendment offered by the gentleman from Indiana [Mr. ADAIR].

The question was taken; and on a division (demanded by Mr. ADAIR) there were—ayes 82, noes 133.

So the amendment was rejected.

Mr. FULTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FULTON: At the end of section 201 insert "It is the intention of Congress, where feasible under this act,

that the act shall be so administered that surplus foods, grains, and commodities now or hereafter held by the United States Government shall be substituted for other forms of economic aid specified in this act, and shall be paid for out of funds herein authorized."

Mr. FULTON. Mr. Chairman, I have had reducing amendments, two involving \$100 million each. The last one offered by the gentleman from Indiana involved \$70 million. These sound small when Congress is talking about \$5,000 million, which is proposed to be authorized in this mutual-security foreign-aid bill.

I would remind the House that we are here spending the taxpayers' money. When we spend money in an amount of \$78 million, that would be the equivalent of raising the United States first-class-letter mail 1 cent, from 3 to 4 cents. If we will save \$78 million on a reduction amendment here, or a \$100 million amendment, we would save the total amount Congress will have to raise somehow for the Post Office Department deficit of this country.

My current amendment is proposed to place surplus agricultural and other commodities under this bill as much as possible. It simply says that the sense of the Congress is that we shall emphasize and use up the United States surplus commodities, as the United States farmers have not had a sufficient emphasis, nor part in these aid programs. This will direct the administration to recognize the legitimate rights of our good United States farmers.

Mr. BAILEY. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from West Virginia.

Mr. BAILEY. Would the gentleman define that term "commodities"?

Mr. FULTON. It means commodities of any kind that are surplus. Of course, I know the gentleman has in mind coal, so if he wants coal in here the specific word "commodities" is broad enough to include coal.

Mr. BAILEY. I would much prefer to have the definition spelled out in the amendment.

Mr. FULTON. I point out to the House that previously there has been in this bill on other occasions a provision for agricultural surplus commodities of the United States, and the use of such United States surplus farm commodities under this program to the extent of \$283.6 million. All of the surplus commodities have not been used that could have been. So my amendment simply states that the sense of the Congress is that the bill be so administered on economic aid that as much surplus of United States commodities as can reasonably be put under the bill be so placed. Where the United States agencies have surplus commodities in excess supply, we should use them in such programs to save the United States taxpayers as much as possible. The agricultural representatives should ask, Will the funds for the use of these surplus commodities be charged to this appropriation? The answer is I would charge this procurement to this appropriation so that the

cost does not come out of the agricultural funds.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from North Carolina.

Mr. COOLEY. I would like to suggest to the gentleman that we have now in the neighborhood of \$3 billion invested in surplus commodities. Some of those commodities might well be used in connection with this defense program. I am very much in favor of the gentleman's amendment.

Mr. FULTON. I am glad to hear the gentleman, the ranking member of the Agriculture Committee, say he is in favor of the amendment because that support will help.

Mr. COOLEY. I opposed the amendment on former occasions because it was charged to agriculture rather than to the national defense. Wherever feasible, the President should use this money to buy up surplus commodities for these countries.

Mr. FULTON. I have cooperated with the gentleman from North Carolina, and consulted with him, and have his approval of the amendment from the agricultural point of view that this proposal is feasible in this mutual-security program.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from Iowa.

Mr. GROSS. The gentleman used as an example the proposed increase in first-class postal rates and cited that. Your amendment would save that much money?

Mr. FULTON. My two previous amendments of \$100 million each would have saved more of the taxpayers' money than the amount of \$78 million that will be saved by increasing the first-class postal letter rates for 1 year.

Mr. GROSS. I wonder if we cannot get an amendment through here today that would keep just a few of our fourth-class offices open all over the country? I wonder how some people are going to explain the closing of fourth-class post offices.

Mr. WIER. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from Minnesota.

Mr. WIER. I was going to ask the gentleman from Pennsylvania if the proposal he has made in cooperation with the gentleman from North Carolina would not be exactly what we were trying to do 2 or 3 years ago in the distribution of our surpluses to our own people under the Brannan plan.

Mr. FULTON. No. This is not that kind of a plan, because this involves a purchase, and the people who get these foods purchase them.

Mr. COOLEY. Mr. Chairman, if the gentleman will yield further, the gentleman's amendment is substantially the same amendment that was introduced on former occasions by the distinguished gentleman from Ohio, the ranking member of this committee.

Mr. FULTON. That is right as to general principles, but my current amend-

ment is broader, and calls for emphasis by the Mutual Security Director upon the use of farm-surplus commodities in this current mutual-security program.

Mr. COOLEY. The only addition is that you charge this to national defense rather than to agriculture.

Mr. FULTON. That is right, so it does not make the agricultural program a giveaway program, but the surplus is purchased by the Mutual Security Agency and then we sell it to the other countries who are the recipients. We simply say that surplus commodities shall be emphasized and substituted in economic aid alone, and not military aid, wherever feasible.

Mr. COOLEY. Well, the real purpose of the amendment is to emphasize the importance of these surplus commodities going to these recipient countries, wherever feasible.

Mr. FULTON. Yes, to use the surpluses wherever feasible, in the foreign economic aid programs. This will certainly help the United States farmers' market, and American agriculture in general.

Mr. VORYS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the thing that this amendment is talking about is already written into the law, and you will find it in section 112 (d) and (e) of the retained part of the ECA law. At the time last year that I attempted to eliminate all of the inappropriate sections of the ECA law this portion was retained, because it had been worked over time and again in conjunction with the Committee on Agriculture. If you will simply look at section 112 it provides, for instance, that whenever the Secretary of Agriculture determines that any quantity of any surplus agriculture commodity is available for use in furnishing assistance to foreign countries he shall so advise the departments, agencies, and establishments; and provides procedure laid out after careful consideration by those who are interested in agriculture. This is entirely different from the amendment that I offered some years ago. I wanted to get away from having the Commodity Credit Corporation paid out of foreign-aid funds for what was obtained. I was unsuccessful. That reimbursement feature is in the law, and so far as you can interpret this amendment, if it means anything, if it means what these speeches have been about or what the gentleman's speech is about, it is already in the law. If it means something else, if it requires us to use agricultural surpluses when the country may need steel or may need some other product for defense buildup or something like that, then it ought not to be adopted, and therefore there is no reason for it. All the reasons given for adopting this amendment apply to existing law.

Mr. BAILEY. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from West Virginia.

Mr. BAILEY. It does not apply to any other commodity but agriculture at the present time?

Mr. VORYS. That is right. We do not have any other surplus commodity.

Mr. BAILEY. We are interested in finding a market for some hundreds of thousands, even millions, of tons of surplus coal in West Virginia; cars in trains a mile long loaded with coal without any market.

Mr. VORYS. Certainly, if this amendment requires the export of all surplus coal or all surplus products, that is something that nobody has claimed for it up to this minute.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Iowa.

Mr. GROSS. Under the offshore procurement features in this bill, is it possible to purchase agricultural products or any other products and ship them back into this country from offshore?

Mr. VORYS. No.

Mr. GROSS. Is there a definite prohibition in this legislation?

Mr. VORYS. The legislation I am referring to, and another provision which is already on the books in another section in an appropriation bill, requires the use of our agricultural surpluses for this program before we purchase anything any place else or permit these funds to go for any such purpose.

This amendment is unnecessary window dressing.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. POAGE].

Mr. POAGE. Mr. Chairman, it occurs to me that even though we do have legislation, which directs the use of surplus agricultural commodities it cannot possibly do any harm to emphasize that fact. Last year we did not have the surplus commodities we have this year. Last year we were not faced with the problem of the certainty of marketing quotas on several of our major crops in the succeeding crop year. Last year we placed in the law the provision to which the gentleman from Ohio has correctly referred. I think it is a sound provision and a proper one.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from Ohio.

Mr. VORYS. Does the gentleman know of any objection to the provisions that are now in the law?

Mr. POAGE. I have no objections to the provisions now in the law but I can see no objection to underlining those provisions. I can see no objection to saying that at this time it is extremely important to carry out those provisions.

Frankly, I think those provisions have been overlooked for a good long time, and I am not simply referring to conditions since the 20th of January. I will say that both before and since the 20th of January those provisions have been honored in the breach rather than in the observance. I have not heard any Secretary of Agriculture, the present

Secretary or past ones, make any announcement or request or point out the importance of moving surplus commodities. I think the movements of these surpluses is an important thing. I think that the continuation of these surpluses is a thing that threatens our whole economy. I do not think you can build up agricultural surpluses in America and not threaten the entire economic structure of this country. If we pull down that structure, as has been so often said, we will not be in a position to give anybody any aid.

Mr. VORYS. Does the gentleman know that his colleague from Texas [Mr. BURLISON] has pending before the Committee on Agriculture a recently introduced bill providing somewhat elaborately for the use of a billion dollars of agricultural surpluses for this purpose?

Mr. POAGE. Yes. As the gentleman points out, it is elaborate, so elaborate that I doubt seriously that we are going to get any action on it. But we now have an opportunity simply to put our finger on an important policy that ought to be carried out. All you are doing here is saying that the Congress of the United States thinks, "It is important, Mr. Administrator, that you do what we told you to do last year." I grant you that this amendment does not tell him much more.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from Pennsylvania.

Mr. FULTON. The use of surplus commodities has been very small under the previous programs. We are directing the people who administer this program to use as much of them as possible, even to substitute them in some cases for other economic aid.

Mr. POAGE. Exactly. I realize there are no sanctions behind the provisions of the Fulton amendment. I recognize that if the Secretary of Agriculture and the Administrator of this aid do not care to go along with it, they are not going to do anything in the world about it. But I think it can do no harm for the Congress to say, "We would like to see you do it, Mr. President, Mr. Secretary, Mr. Administrator, and all the rest of those charged with its administration."

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield.

Mr. VORYS. On page 221 of the hearings, we see that \$283 million worth of surplus agricultural commodities were used in this program this year.

Mr. POAGE. That is about 7 percent of the surplus agricultural commodities that we now hold, and we are going to hold a great deal more. I am convinced that 7-percent use is not an adequate use of our surplus commodities in the United States. On the contrary, I think that these figures show very clearly that there has been very little emphasis on the program of disposing of surplus commodities. All I want to do, and all I understand the Fulton amendment does, is to emphasize the importance of this thing.

When we come back to you sometime next year, as we are almost certain to do,

and ask your support for an agricultural relief program because we are going to be faced with gigantic agricultural surpluses—in fact we are now faced with these surplus commodities and we are faced with drought and we are faced with disaster—when we come back—do not say that we did not try to make any effort to dispose of these surpluses because we are trying now to encourage the disposal of these things in a way that will not injure the welfare of our country.

Mr. DEVEREUX. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield.

Mr. DEVEREUX. I think the approach of the gentleman from Pennsylvania [Mr. FULTON] is very sound. It will take care of many of our excess commodities and will be of great assistance throughout the world.

Mr. POAGE. It cannot do any harm. It does not embarrass anyone unless they want to ignore the present law. It cannot stand in the way of any proper disposition of surplus commodities. So why not do the thing that cannot do any harm and might do some good? Why not let our aid to the foreign people aid our American people—at least so far as it does not in the least reduce our assistance to the foreign recipient of our food and fiber. To refuse to use these surpluses in a manner which would aid our own economy, would as I see it, be just as stupid as to refuse to use water which is going over a dam to generate electricity before using it for irrigation. The water does not lose any of its wetness and the food does not lose any of its nutrition. Let us not make our taxpayers pay twice for any article which can be supplied from what we have in stock.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from Pennsylvania [Mr. FULTON].

The question was taken; and on a division (the Chairman being in doubt) there were—ayes 105, noes 58.

So the amendment was agreed to.

Mr. RAYBURN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the thought occurs to me that the gentleman from Ohio or the gentleman from Indiana might ask unanimous consent that the bill be considered as read and open for amendment. Under those circumstances, nobody would be denied any of his rights. Of course, I shall not ask that permission myself.

Mr. HALLECK. So far as my responsibility is concerned, may I say to the gentleman from Texas that many Members have expressed to me the hope that the bill could be completed this evening within a reasonable time. I have said to a great number of people, and I still say it, I have no inclination to shut off debate on any amendment to be offered.

Mr. RAYBURN. Of course not.

Mr. HALLECK. This is not to pressure anybody because certainly as we have progressed here this afternoon, no one can complain of any time limitation that has been imposed. If the bill is

finished this afternoon, we will adjourn over until Monday. Now rightly or wrongly a great many Members have made some commitments for tomorrow, but if we do not conclude this evening, I will feel compelled to continue the consideration of this bill on tomorrow. I do not know what the attitude is of the members of the committee who may have amendments to offer in respect to considering the bill read and have it open for amendment. So far as I am concerned that very likely would expedite the consideration of the bill, and if the Members who have amendments at the desk would be recognized, it would seem to me to indicate that would be a desirable procedure.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. VORYS. The gentleman from Texas has the floor.

Mr. GROSS. The gentleman last week programed business for Friday and Saturday of this week; is that not true?

Mr. HALLECK. That is right.

Mr. GROSS. And if people have made commitments to do something tomorrow, not to be in the House of Representatives, then they made them upon their own responsibility, did they not?

Mr. HALLECK. I might say to the gentleman from Iowa that some of these commitments were made a long time ago. Some of them involve State conventions of importance officially to Members, and they were probably set months ago. So I do not think you could put all of these people in that category.

Mr. GROSS. We have had a week's notice.

Mr. HALLECK. I am not going to contend with the gentleman about it. All I ever try to do here is to carry on the business of the House expeditiously and give everybody their rights as far as amendments or talking is concerned. Just to see what will happen—and I certainly would not be unhappy if anyone objected—Mr. Chairman, I ask unanimous consent that the bill be considered as read, printed in the Record, and be open for amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

Mr. BUDGE. Reserving the right to object—a parliamentary inquiry, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. BUDGE. I have an amendment at the end of this bill which would cut 10 percent from each item. How could I offer that amendment until we reach that point in the bill and until the funds are specifically spelled out?

The CHAIRMAN. The Chair wishes to say that, if this unanimous-consent request is granted, the Chair will recognize the gentleman as soon as possible.

Mr. HALLECK. In other words, the gentleman from Idaho [Mr. BUDGE] could be recognized to offer his amendment after all other amendments have been disposed of.

Mr. BUDGE. A parliamentary inquiry, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. BUDGE. Mr. Chairman, this is my inquiry: My amendment reads that the amounts hereinbefore authorized to be appropriated shall not be authorized to be appropriated in excess of 90 percent. Now, if I offer the amendment at this point, before those amounts are made definite and certain, would that be in order?

The CHAIRMAN. The Chair will say that the gentleman may offer his amendment at any time and he will be recognized. But the Chair believes that the proper place would be at the end of the bill.

Mr. VORYS. Reserving the right to object, Mr. Chairman, I certainly would not want to waive any points of order to an amendment like that by this procedure, and I hope we do not waive any points of order.

The CHAIRMAN. The Chair will state that this does not waive any points of order.

Is there objection to the request of the gentleman from Indiana [Mr. HALLECK]?

There was no objection.

The remainder of the bill reads as follows:

CHAPTER III—MUTUAL SPECIAL WEAPONS PLANNING

SEC. 301. Authorization of appropriation: The Mutual Security Act of 1951, as amended, is amended by adding after section 541 the following new section:

"SEC. 542. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$100 million for the purpose of furnishing special weapons to nations eligible to receive military assistance under this act or to the international organizations referred to in section 2 (b) (A) and 2 (b) (C) of this act: *Provided*, That, prior to the obligation of funds for this purpose, the President shall determine that such obligation is of direct importance to the security interest of the United States and is in furtherance of the policies and purposes of the Mutual Defense Assistance Act of 1949, as amended: *And provided further*, That, prior to the transfer of such weapons, the President shall determine (1) that the recipient is adequately prepared to safeguard the security of such weapons; (2) that the transfer of such weapons will be of direct importance to the security interest of the United States; and (3) that such transfer will further the purposes and policies of the Mutual Defense Assistance Act of 1949, as amended. Nothing contained in this section shall alter, amend, revoke, repeal, or otherwise affect the provisions of any law restricting, limiting, or prohibiting the transfer of any such weapons. Notwithstanding any other provisions of this act, funds made available pursuant to this section may be used only for the purpose of this section."

CHAPTER IV—TECHNICAL ASSISTANCE

SEC. 401. Authorization of appropriation: The Mutual Security Act of 1951, as amended, is amended by adding after section 542 the following new section:

"SEC. 543. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$43,792,500 to carry out the provisions of section 203 (relating to economic and technical assistance for the Near East and Africa); \$72,100,000 to carry out the provisions of section 302 (a) (relating to defense support, economic and technical assistance) other than for the National Government of the Republic of China and the Associated States of Cambodia, Laos, and Viet-Nam; and \$24,342,000 to carry out the

provisions of section 402 (relating to technical assistance for Latin America)."

CHAPTER V—SPECIAL REGIONAL ECONOMIC ASSISTANCE

SEC. 501. Near East and Africa: Section 206 (relating to refugees) of the Mutual Security Act of 1951, as amended, is amended to read as follows:

"SEC. 206. In order to further the purpose of this act in the Near East and Africa there is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$194 million to be used, on such terms and conditions as he may specify, to furnish special economic assistance designed to promote the economic development of the area, for relief and rehabilitation of refugees in the area, and for other types of economic assistance to assist in maintaining economic and political stability in the area. The applicable provisions of the Act for International Development (64 Stat. 204; 22 U. S. C. 1557), except the provisions relating to the purpose for which assistance may be given, or of section 503 (b) (3) of this act, shall apply to the expenditure of funds pursuant to this section to the extent that they are not inconsistent with the purposes of this section."

SEC. 502. India and Pakistan: Section 302 (relating to economic and technical assistance for Asia and the Pacific) of the Mutual Security Act of 1951, as amended, is amended by redesignating subsection (b) as subsection (c), and by inserting after subsection (a) the following new subsection (b):

"(b) In order to further the purpose of this act in India and Pakistan there is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$94,400,000 to be used, on such terms and conditions as he may specify (which shall include conditions and assurances to enable the countries designated in this subsection to make greater progress toward solving their mutual problems in cooperation with each other), to furnish special economic assistance designed to promote the economic development of such countries, and to assist in maintaining economic and political stability therein. The applicable provisions of the Act for International Development, except the provisions relating to the purpose for which assistance may be given, or of section 503 (b) (3) of this act, shall apply to the expenditure of funds pursuant to this section to the extent that they are not inconsistent with the purposes of this section."

CHAPTER VI—MULTILATERAL ORGANIZATIONS

SEC. 601. Movement of migrants: Section 534 (relating to the movement of migrants) of the Mutual Security Act of 1951, as amended, is amended by adding at the end thereof the following new sentence: "There is hereby authorized to be appropriated to the President not to exceed \$10 million for contributions during the calendar year 1954 to the Intergovernmental Committee for European Migration."

SEC. 602. Multilateral technical cooperation: The Mutual Security Act of 1951, as amended, is amended by adding after section 543 the following new section:

"SEC. 544. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$13,750,000 for multilateral technical cooperation under section 404 (b) of the Act for International Development."

SEC. 603. Children's welfare: The Mutual Security Act of 1951, as amended, is amended by adding after section 544 the following new section:

"SEC. 545. There is hereby authorized to be appropriated to the President not to exceed \$9 million for contributions during the calendar year 1954 for the support of international children's welfare work in such manner and on such terms and conditions as he may deem to be in the interests of the United States."

SEC. 604. Ocean freight: Section 535 (relating to the payment of ocean freight charges on relief shipments) of the Mutual Security Act of 1951, as amended, is amended by adding at the end thereof the following new sentence: "There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$825,000 for use in paying ocean freight charges under section 117 (c) of the Economic Cooperation Act of 1948, as amended."

SEC. 605. United Nations Korean Reconstruction Agency: Section 303 (a) (relating to Korean relief) of the Mutual Security Act of 1951, as amended, is amended as follows:

(a) Add at the end the following new sentence: "There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$71 million for making contributions to the United Nations Korean Reconstruction Agency."

(b) In the third sentence, strike out "\$67,500,000" and insert in lieu thereof "\$40,750,000."

CHAPTER VII—FURTHER CHANGES IN EXISTING MUTUAL SECURITY LEGISLATION

SEC. 701. Pacific Pact: Section 2 (b) of the Mutual Security Act of 1951, as amended, is amended by adding at the end thereof the following new sentence: "The Congress favors the negotiation of a Pacific Pact, consistent with the provisions of the United Nations Charter, for the common defense of the free peoples of the Far East, South Asia, and the Pacific Ocean area, and the participation therein of the United States."

SEC. 702. Transfers of funds: (a) Section 101 (b) of the Mutual Security Act of 1951, as amended, is amended (1) by striking out "granted pursuant to" both times it appears therein and inserting in lieu thereof "made available under", and (2) by striking "this section" out of the first proviso and inserting in lieu thereof "section 546 of this act".

(b) Section 202 of such act, as amended, is amended by striking out "pursuant to section 201" and inserting in lieu thereof "under section 201".

(c) The first sentence of section 513 (a) of such act, as amended, is amended to read as follows: "Whenever the President determines it to be necessary for the purpose of this act, funds made available under sections 101 (a) (1), 201, 301, and 401 may be transferred among such sections, except that not more than 10 percent of the funds available under any such section may be transferred from that section; and funds made available under sections 101 (a) (2), 203, 302 (a), and 402 may be transferred among such sections, except that not more than 10 percent of the funds available under any such section may be transferred from that section. Funds so transferred shall be consolidated with the funds available under the section to which they are transferred. The determination of amounts authorized to be transferred under this subsection shall be made without reference to any balances of prior appropriations continued available pursuant to section 546 of this act."

SEC. 703. Unexpended balances: The Mutual Security Act of 1951, as amended, is amended by adding after section 545 the following new section:

"UNEXPENDED BALANCES"

"SEC. 546. The unexpended balance under each paragraph of title III, Mutual Security, of the Supplemental Appropriation Act, 1953, is hereby authorized to be continued available for its original purposes through June 30, 1954, and may be consolidated with the appropriate fiscal year 1954 appropriation made for the same general purpose under the authority of this act."

SEC. 704. Escapees: Paragraph 101 (a) (1) of title I (relating to Europe) of the Mutual Security Act of 1951, as amended, is amended (1) by deleting the word "similarly" before the word "determined", (2) by inserting "or

any Communist-dominated or Communist-occupied areas of Asia" immediately after "Austria" and before "and any other countries absorbed by the Soviet Union", and (3) by striking out "and to the security of the United States" and inserting in lieu thereof "or to the security of the United States".

SEC. 705. Authority for assistance to Korea: The first sentence of section 302 (a) (relating to economic aid and technical assistance) of the Mutual Security Act of 1951, as amended, is amended by striking out "(but not including the Republic of Korea)".

SEC. 706. Title V (relating to organization and general provisions) of the Mutual Security Act of 1951, as amended, is further amended as follows:

(a) Personnel ceiling exemption for new military assistance programs: Amend section 504 (d) (relating to reduction in personnel) to read as follows:

"(d) (1) On and after January 1, 1954, the number of United States citizens employed by the Mutual Security Agency shall be at least 10 percent less than the number employed by the Mutual Security Agency on June 30, 1953.

"(2) Ninety days after the enactment of the Mutual Security Act of 1952, the number of civilian employees who are United States citizens, receiving compensation or allowances from the administrative expense appropriations authorized by this act, employed in the United States and overseas by or assigned to the Mutual Security Agency, or employed by or assigned to the Department of State or the Department of Defense for carrying out programs the appropriations for which are authorized by this act, and the military personnel assigned to such programs, shall be in the aggregate at least 5 percent less than the number so employed or assigned on June 1, 1952, except for such personnel of the Department of Defense engaged in the manufacturing, repair, rehabilitation, packing, handling, crating, or delivery of materiel.

"(3) Ninety days after the enactment of the Mutual Security Act of 1953, the number of civilian employees who are United States citizens, receiving compensation or allowances from the administrative expense appropriations authorized by this act, employed in the United States and overseas by or assigned to the Mutual Security Agency or employed by or assigned to the Department of State or the Department of Defense for carrying out programs the appropriations for which are authorized by this act shall be in the aggregate at least 5 percent less than the number so employed or assigned on January 31, 1953, except for such personnel of the Department of Defense engaged in the manufacturing, repair, rehabilitation, packing, handling, crating, or delivery of materiel.

"(4) After the Director has determined the reduction to be effected in each agency under paragraph (3), the determination as to which individual employee shall be retained shall be made by the head of the agency concerned.

"(5) The Director for Mutual Security shall cause studies to be made from time to time for the purpose of determining whether further reductions in personnel are feasible and consistent with the accomplishment of the purposes of this act.

"(6) After July 1, 1953, the following categories of military personnel carrying out programs under the Mutual Defense Assistance Act of 1949, as amended, shall be in addition to the personnel ceiling established under paragraph (2) of this subsection:

"(A) Military personnel carrying out such programs in the Associated States of Cambodia, Laos, and Viet-Nam, over and above the number so engaged before July 1, 1953,

"(B) Military personnel carrying out such programs for any countries in which no such programs were in operation on July 1, 1953,

"(C) Military personnel carrying out such programs for international organizations and headquarters established after July 1, 1953."

(b) Special use of funds: Amend section 513 (b) (relating to special use of funds) to read as follows:

"(b) Not more than \$100 million of the funds made available under this act, of which not more than \$20 million may be allocated to any 1 country, may be used in any fiscal year by the President, to be expended, without regard to the requirements of this act, or any other act for which funds are authorized by this act, in furtherance of the purposes of such acts, when the President determines that such use is important to the security of the United States. The President shall notify the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives upon making any such determination."

(c) Repeal: Repeal section 516.

(d) Guaranties: Amend section 520 (relating to investment guaranties) to read as follows:

"GUARANTIES"

"SEC. 520. Funds realized from the sales of notes pursuant to section 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, shall be available for making guaranties of investments in accordance with the applicable provisions of sections 111 (b) (3) and 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, in any country with which the United States has agreed to institute the guaranty program, notwithstanding the provisions of section 511 of this act."

(e) Termination of program: Amend section 530 (relating to the expiration of the mutual-security program) by striking out "12 months" and "12-month" wherever appearing therein, and by inserting in lieu thereof "24 months" and "24-month", respectively.

(f) Underdeveloped areas: Add after section 546 the following new section:

"UNDERDEVELOPED AREAS"

"SEC. 547. Whenever funds are made available under this act for assistance, other than military assistance, to any economically underdeveloped area, such funds may be used under the applicable provisions of section 503 (b) (3) or the applicable provisions of the act for International Development. Where administrative arrangements, including provisions relating to compensation and allowances of personnel, authorized under section 503 (b) (3), differ from those authorized by the act for International Development, the director may make use of arrangements authorized under either statute, in carrying out such programs, except that before extending the provisions of section 109 (a) of the Economic Cooperation Act of 1948, as amended, to countries in which programs authorized under the act for International Development are being carried out, the director will secure the approval of the Secretary of State."

(g) Use of local currency:

(1) Strike out the next to the last sentence of section 521 (relating to administrative expenses).

(2) Add after section 547 the following new section:

"UNITED STATES USE OF FOREIGN CURRENCY"

"SEC. 548. (a) The several amounts otherwise authorized by this act to be appropriated are authorized to be increased by amounts which shall not, in the aggregate, exceed \$98,396,000.

"(b) Amounts appropriated pursuant to any authorization contained in this act are authorized to be made available for purchase of foreign currencies (including foreign currencies or credits owed to or owned by the United States): *Provided*, That such currencies or credits are authorized to be made

available for use, without reimbursement to the Treasury, for liquidation of obligations legally incurred against such currencies prior to July 1, 1953."

(h) Near East refugees. Add after section 548 the following new section:

"SEC. 549. (a) In order to contribute to the peace and stability of the Near East in particular and of the world in general, the Director for Mutual Security shall, in consultation with the Secretary of State, make a survey of the refugee situation in the Near East and report the results of the survey to the Congress within 90 days after the Mutual Security Act of 1953 is enacted, together with recommendations for seeking a solution. In the making of such report and recommendations, especial consideration shall be given to a program which would utilize the services and talents of these refugees to develop and expand the resources of the area, including its water resources.

"(b) In carrying out his duties under this section, the Director for Mutual Security shall consult with the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives, and shall keep these committees constantly and fully informed of the action which he takes to carry out the provisions of this section."

SEC. 707. The Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1571-1604), is further amended as follows:

(a) Excess equipment: Immediately before the period in the next to last sentence of section 403 (d) (relating to limitation on furnishing of excess equipment), insert a comma and the following: "and after June 30, 1953, by an additional \$200 million."

(b) Sales of military equipment: Amend section 408 (e) by adding at the end thereof the following new paragraph:

"(4) The provisions of section 530 (a) of the Mutual Security Act of 1951 (relating to expiration of program) shall not apply in the case of the transfer, or procurement for transfer, under this subsection, of parts, components, and equipment required for the maintenance or repair of military end items (as referred to in section 506 (c) of the Mutual Security Act of 1951) previously supplied under this act or the Mutual Security Act of 1951."

(c) Dependable undertaking procedure: Amend the last sentence of section 408 (e) (2) (relating to sales of military equipment) by striking out "such nation" and by inserting in lieu thereof "such nation, or international military organization or headquarters."

(d) Loans of equipment: Amend section 411 (d) (containing definitions) to read as follows:

"(d) The term 'services' shall include any service, repair, training of personnel, or technical or other assistance or information necessary to effectuate the purposes of this act, including loans of limited quantities of equipment for designated periods solely for test and study purposes."

SEC. 708. The remaining provisions of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1503-1519), are further amended as follows:

(a) Term of guaranties: Amend section 111 (b) (3) (relating to guaranties) by striking out "which guaranties shall terminate not later than 14 years from the date of enactment of this act," and by inserting in lieu thereof "which guaranties shall be limited to terms not exceeding 20 years from the date of issuance."

(b) Guaranties: Amend section 111 (b) (3) (v) (relating to guaranties) by inserting immediately after "participating country" the following: "or by reason of war, revolution, or civil disorder."

(c) Counterpart loans: Amend the last proviso of section 115 (b) (6) (relating to counterpart funds) by striking out "shall

be redeposited in such special account", and by inserting in lieu thereof the following: "prior to termination of assistance to such country shall be reused only for such purposes as shall have been agreed to between the country and the Government of the United States."

(d) Use of local currency: Amend section 115 (h) by striking out "including" and inserting in lieu thereof the following: "and, without regard to section 1415 of the Supplemental Appropriations Act, 1953, for."

Mr. CHIPERFIELD. Mr. Chairman, I offer a committee amendment to section 706, which is at the desk.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. CHIPERFIELD:

On page 12, lines 7 to 10, strike out all of paragraph 1; page 13, line 6, after "the", insert "Director for Mutual Security or the."

Line 8, after "Defense", insert "and other participating agencies."

Line 10, strike out "5" and insert "10."

Line 11, after "assigned", insert "to comparable positions" and renumber the paragraphs accordingly.

Mr. CHIPERFIELD. This is simply a perfecting amendment, a clarifying amendment, to an amendment introduced by Mr. Judd and Mr. Fulton. There was a conflict to a slight degree, and this is intended to clarify it.

The CHAIRMAN. The question is on the amendment offered by Mr. CHIPERFIELD.

The amendment was agreed to.

Mrs. CHURCH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. CHURCH: On page 3, line 6, strike out following the word "specify" through line 9.

Mr. VORYS. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. VORYS. That part of the bill was passed before the consent request was agreed to.

The CHAIRMAN. The Chair states that the Clerk had not read that section.

The point of order is overruled. The gentlewoman from Illinois is recognized.

Mrs. CHURCH. Mr. Chairman, this is an amendment to section 102 on page 3, and seeks to remove from the bill the appropriation of the amount not to exceed \$100 million for manufacture in France of artillery, ammunition, and semiautomatic weapons required by French forces for the defense of the North Atlantic area.

I introduce the amendment truly not so much for the elimination of the \$100 million, though that possibility certainly has its merits, but to point out to the House that whether you believe it possible or not, something new has been introduced in a Mutual Security Act.

In discussing this item of \$100 million, the committee in its report fairly states, and I ask you to note: The arrangement differs from ordinary defense support in that the grant of United States funds is tied directly to specific items of military equipment.

I would point out that the appropriation differs in one other respect, and

that within my knowledge and within the power of my search this is the first time that the United States Congress has been asked to appropriate moneys to pay for contracts made by other countries on their own terms and according to their own wishes. It is a departure and I think an exceptionally dangerous departure, dangerous in two ways: In the first place, the rules laid down for actual United States offshore procurement are definite and as far as possible do carry safety features. When offshore purchases are intentioned and bids to be let, special United States committees placed in foreign countries make a point of determining the capacity and probability of a foreign company's ability to produce the article; the probability of strikes, Communist influences, and so forth. The reports of those evaluating committees are sent back to this country and contracts for offshore procurements are then entered into in normal fashion through the procurement branches of our military forces. There is full protection as to amount and performance. That I would say to you is a logical approach, and within human nature presents as safe a procedure to get offshore procurement as could be devised. There is also protection of United States industry by the additional ruling that foreign bids, except in certain rare cases, cannot be accepted if more than 110 percent of competing American contracts.

Yet the \$100 million contained in section 201 presents an amazingly different procedure for spending United States money. On pages 441 to 443 of the hearings, you will find the matter covered in a colloquy between the members of the committee, and Mr. Halaby. In attempting to explain the request and the need for this money, Mr. Halaby on page 443 states that the United States, finding that France was not able to pay for contracts which it had placed—or perhaps wishing to use its funds otherwise—had agreed to pay the entire cost of the French contracts. I begin first with a question by Mr. LeCOMPTE:

Mr. LeCOMPTE. That procurement is in the name of the United States, or NATO?

Mr. HALABY. It is in the name of the United States, sir.

Mr. LeCOMPTE. That is the way you want it, is it? Those are items that the French have canceled?

Mr. HALABY. Would have canceled if they had been unable to transfer the contracts to the United States.

Mrs. BOLTON. We are picking up the check.

I suggest to the House that there is danger when we pay in goods contracted for by a foreign government to be used for their own forces. I repeat that we are setting a dangerous and expensive precedent, when we pick up the check for materials which another country has ordered. I say to you that the peril is twofold: First of all, we have none of the securities usually connected even with offshore procurement, none of the safety provided when contracts are subject to United States regulations.

Second, this might well be an example which would suggest to other countries that they too can cancel their contracts

or threaten to do so in the hope that for them, too, the United States will pick up the check.

The CHAIRMAN. The time of the gentlewoman from Illinois has expired.

(By unanimous consent, Mrs. CHURCH was allowed to proceed for 5 additional minutes.)

Mrs. CHURCH. Mr. Chairman, I would like to finish with a quotation from Mr. Halaby, on page 442 of the hearings, which I think emphasizes the danger that this program of paying for foreign contracts is not for 1 year; that it is not the matter of a single generous act to take up a tab just once, but that there is great possibility that the practice will become magnified, because Mr. Halaby went on to say:

In fiscal year 1952, that totaled about \$177 million, and for fiscal year 1953, to date, another \$90 million, and more is on its way.

I hope that the House will express its disapproval of this practice.

Mr. COOLEY. Mr. Chairman, will the gentlewoman yield?

Mrs. CHURCH. I yield to the gentleman from North Carolina.

Mr. COOLEY. Can the gentlewoman give us the benefit of the views of the committee with reference to this particular item justifying departure from the regular procedure?

Mrs. CHURCH. I would not attempt to speak for the committee, but I think that there was great surprise on the part of the committee that this practice had started. There was at least considerable question about it and it surprised me that the request for the appropriation was allowed to appear in this bill.

Mr. BROOKS of Louisiana. Mr. Chairman, will the gentlewoman yield?

Mrs. CHURCH. I yield to the gentleman from Louisiana.

Mr. BROOKS of Louisiana. I want to express a fear, and I will ask the gentlewoman's opinion. We are requiring that this money be spent in France for artillery, for ammunition, semiautomatic weapons, and things of that kind. Suppose you have a plant in your area that employs lots of people and they begin to cut out what some of these plants have. What would the gentlewoman think of the advisability of leaving out the ammunition money that must be spent over there?

Mrs. CHURCH. Perhaps the gentleman does not realize it but this money has already been spent over there and we are appropriating money to pick up the tab.

Mr. BROOKS of Louisiana. This does not provide for new work?

Mrs. CHURCH. It is my understanding that this present appropriation deals entirely with contracts already entered upon.

I would like to point out in addition that even if this \$100 million were eliminated from the bill, there would still be in the bill for France \$400 million in military aid for Indochina, plus \$364,288,000 for France itself, making a total of \$764,288,000, still available for ammunition and artillery for France.

Mr. BENTLEY. Mr. Chairman, will the gentlewoman yield?

Mrs. CHURCH. I yield to the gentleman from Michigan.

Mr. BENTLEY. I wonder if the gentlewoman can tell the Committee where these items are to be used, in what part of the world?

Mrs. CHURCH. The committee report says specifically that they are to be used in North Africa, but on page 442 of the hearings Mr. Halaby says that the amount is for items that are military requirements for the French forces in NATO or the Mediterranean area or Indochina.

Mr. BENTLEY. In other words, they might be used in North Africa for the purpose of keeping down a rebellion among the natives over there?

Mrs. CHURCH. They might be used for any French purpose, according to Mr. Halaby's statement on page 442 of the hearings.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. VORYS. Mr. Chairman, I rise in opposition to the pending amendment.

Mr. Chairman, we have discussed defense support, where some of the money goes into surplus commodities, wheat, and things like that, but it is to support the economy of the country. We have discussed for a number of years offshore purchases where we purchase abroad weapons for use in this military aid program. By and large when we buy them abroad we get them cheaper than if we bought them here. There are some exceptions.

You will find on page 35 of the committee report a description of this special defense financing for France, and another item for the United Kingdom. On offshore purchases, obtaining military equipment over there, it is hoped that possibly as much as a billion dollars of the amount authorized for military purposes will be used in that area, because it gives a combination effect. You save some money in procuring it over there, and those dollars are available to sustain their economy. These, however, are two special cases.

The gentlewoman from Illinois has accurately described what happened; that is, that France made a contract or a series of contracts for the manufacture in France of artillery, ammunition and semi-automatic weapons, exactly the kind of thing we need in this program, and their budget was in such shape that they could not carry on the contracts. It is exactly the same kind of things needed for the program. If they were not obtained this way they would have been obtained through an off-shore purchase contract or making them in our factories. Therefore, at the April meeting of NATO in Paris, Secretary Dulles, Director Stassen, Secretary of the Treasury Humphrey, and Secretary of Defense Wilson agreed to this proposition to pick up the check. That is a homely expression.

Mrs. BOLTON. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentlewoman from Ohio.

Mrs. BOLTON. I was reminded of using those words and I was very happy to use them, because I think it was an excellent thing for us to do. I want that clear in the RECORD.

Mr. VORYS. This picking up of the check means that we said we would underwrite these contracts that otherwise would be canceled, and therefore this is a kind of defense support and offshore purchase where we get exactly what we need, and if this is called off, we will need exactly that same sort of thing that France needs, and we will have to start at it in another way.

One word as to where they are to be used. Line 9 of the bill says "for the defense of the North Atlantic area," and that North Atlantic area, by the North Atlantic Treaty includes only Algeria, which is part of metropolitan France, and does not include Morocco and other places on the African coast. So the only place where they could conceivably go in Africa for defense of the North Atlantic area as required by the bill would be in Algeria.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from North Carolina.

Mr. COOLEY. I would like to know who would determine for us whether or not the funds were being utilized in a manner compatible with our own defense program.

Mr. VORYS. The specific weapons and contracts have already been reviewed by our MAAGS, our military people over there, and they will continue to follow these contracts through.

Mr. COOLEY. Will some official of our Government approve final disposition of the money?

Mr. VORYS. Yes.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Indiana.

Mr. ADAIR. Does the gentleman agree that this is the first time that this type of procurement has been used?

Mr. VORYS. There have been similar examples before. This could have been worked out through the laborious process of defense offshore procurement, but the agreement was to speed things up, since these were the exact weapons needed in the contracts, reviewed by our Cabinet officials, and that that was the easiest way to handle it.

The CHAIRMAN. The Chair recognizes the gentleman from South Carolina [Mr. RICHARDS].

Mr. RICHARDS. Mr. Chairman, I hope this amendment will be defeated for another reason. We proposed about \$5 billion for this overall foreign-aid program, and we have said in this bill that so far as end items and military materials to be furnished by the United States to the European area are concerned, over \$1 billion of that will not be furnished to 6 of these nations, including France, unless they go into the European Defense Community.

A good many people have been saying that in this bill we are just washing our

hands of France, that we do not want to go along with France, but that is not correct. What we are saying in the provision ahead of this amendment is, "You get it if you go into this European Defense Community, because we think that our materials, our hardware, our guns, our No. 1 stuff sent out of this country to Europe should only be turned over to the European Defense Community."

Suppose they do not agree to do that? Suppose the parliaments over there do not ratify this pact? To meet that, we put this \$100 million in there and say, "All right, France, you do not want any part of EDC or the money provided for it in this bill. We will help you to some extent, nevertheless, even if you want to go alone. We will help you to the extent of \$100 million for the manufacture of defense implements to equip your own forces." That is the essence of this provision in the bill.

I for one do not want to give the impression to anybody that because I have sponsored the European Defense Community amendment I mean we will not give at least some support to France if they want to go it alone.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Ohio.

Mr. VORYS. It is an error to describe this as a new idea. I find that at page 442 of the hearings Mr. Halaby said that—

In fiscal year 1952, there were similar transactions that totaled about \$177 million, and for fiscal year 1953, to date, another \$90 million.

The point is that due to the special circumstances of this item they simply stated exactly what was agreed on in Paris, and the committee authorized it in that way. We are going to give the weapons that we need in the common defense.

Mr. BENTLEY. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Michigan.

Mr. BENTLEY. I wonder if the gentleman from South Carolina realizes that his so-called Richards amendment has nothing to do with this \$100 million on which we are voting. It is an entirely different section.

Mr. RICHARDS. No; it has nothing to do with it directly. I am just talking about the situation France would be in if we did not furnish them items ourselves. That is all.

Mr. BENTLEY. The French will get this money whether the treaty is ratified or not.

Mrs. KELLY of New York. Mr. Chairman, will the gentleman yield?

Mrs. RICHARDS. I yield.

Mrs. KELLY of New York. I want to bring to the attention of the House that if this amendment prevails the combat effectiveness of the NATO troops will not be what President Eisenhower and Mr. Stassen hope for the coming year. It will not be an increase of 30 percent.

The CHAIRMAN. The time of the gentleman has expired. All time has expired.

The question is on the amendment offered by the gentlewoman from Illinois [Mrs. CHURCH].

The question was taken; and on a division (demanded by Mrs. CHURCH) there were—ayes 31, noes 90.

Mrs. CHURCH. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mrs. CHURCH and Mr. Vorys.

The Committee again divided; and the tellers reported there were—ayes 67, noes 118.

So the amendment was rejected.

Mr. CURTIS of Nebraska. Mr. Chairman, I offer an amendment which is at the desk.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. CURTIS of Nebraska: On page 15, line 19, strike out all of lines 19, 20, 21, and 22, and lines 1 and 2 on page 16.

Mr. CURTIS of Nebraska. Mr. Chairman, in offering this amendment, I am not concerned with the merits or demerits of the program. I do not propose to weigh or discuss its value or its effectiveness. My sole purpose in offering this amendment is to make this budget of ours a little more controllable. At the present time the budget of the United States is about 67 percent uncontrollable. In other words, the money that will flow out of the Treasury in this coming fiscal year was determined by actions of the Congress a year ago—yes—but also by actions taken 2, 3, 4, 5, 6, and 7 years ago.

This bill as written would extend this program for 1 year. But during that year they could obligate enough of these funds running up to around \$14 billion, so that the program could run full blast for 3 years.

My amendment would limit that clean-up period to 12 months. That is the law now. The bill as written says that after this thing runs a full year, in which they can obligate in advance, the program could still continue on for 24 months to fulfill the obligations made in this next year.

In other words, what appears to be extending this program for 1 year, in reality is extending it for 3 years.

In other words, we set it in motion now so that we are determining to what extent money can flow out of the Treasury of the United States 3 years from now. In other words, we are binding ourselves for the future.

A lot has been said about why does not the Eisenhower administration cut expenses now, both foreign and domestic expenses.

The facts are that we were a slave to the past; that the money that flows out of the Treasury this next year is due to authorizations and appropriations of 2, 3, 4, 5, 6, and 7 years before; and the language in the lines that I would strike from this bill says that after this program ends—that after the obligating period ends—they can still go on for 2 years to deliver and to transfer and to pay for goods.

If this bill passes as it stands, the program can go on at full blast for 3 years provided all the money is obligated within the next year. I think that here at the time we are authorizing we should say to the Appropriations Committee that we are limiting the appropriating power to take care of 2 years, not 3; in other words, these lines in this bill change what has been the law all the time; that this program run to an expiration date and then they have 12 months to clean up the business.

The language in the bill which I would strike out would extend that cleanup time to 24 months.

So here we are determining not how much money will go out of the Treasury for this program in fiscal 1954; we do not end with committing the Treasury for fiscal 1955, but we commit the Treasury for fiscal 1956. The Congress next year and the Congress to be elected in the following calendar year will be subject to the action we take today and will have no control over the expenditures.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

Mr. GROSS. Mr. Chairman, I object and offer a preferential motion.

The CHAIRMAN. The Clerk will report the motion.

The Clerk read as follows:

Mr. Gross moves that the committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

Mr. GROSS. Mr. Chairman, a few moments ago we saw the defeat of the amendment offered by the gentlewoman from Illinois [Mrs. CHURCH] an amendment which would have prohibited \$100 million of blank-check spending. I thought that the Republican Party when it came into power last November 4 took a positive stand against blank-check spending.

I remember about a year ago when there was serious unemployment in Detroit, Mich., and the New England States, how the Representatives of those areas came into this House of Representatives and sought legislation to provide that it be made mandatory that defense contracts in this country be channeled into surplus manpower areas; in other words, what they sought to do was to take away contracts that might go out to the Middle West, to my part of the country, to take away the materials that would go into defense production in my part of the country and channel contracts and material into the manpower surplus areas.

What do you do when you authorize blank-check spending of \$100 million to pick up products the French or British have already made with no price control through competitive bidding?

What do you do when you set aside a billion dollars in this bill for offshore procurement?

You set the stage for flagrant waste and deprive American industry and labor of the right to produce.

I hope that none of the people who voted to defeat the Church amendment walk down here in the well of the House if we run into a depression and ask for help for their areas, for I will be here to remind them of their votes at this time.

I want to address myself to a provision in this bill appearing on page 9, "Further changes in existing mutual security legislation," and I should like you to listen to this:

Section 2 (b) of the Mutual Security Act of 1951, as amended, is amended by adding at the end thereof the following new sentence: "The Congress favors the negotiation of a Pacific Pact, consistent with the provisions of the United Nations Charter, for the common defense of the free peoples"—

And so forth. I should like to ask the chairman of the committee or some member of the Committee on Foreign Affairs if it is being stated in this bill that we are going to set up in the Pacific another United Nations or some sort of an organization based upon the United Nations Charter where Russia has 3 votes to our 1?

Mr. JAVITS. There is no such proposal in the bill. We propose only to provide for the common defense of the Pacific by the nations of the Pacific themselves. The only reason for any reference to the United Nations Charter is that that Charter allows regional organizations. This organization we have no idea will have anything to do with the United Nations.

Mr. GROSS. The wording here is "consistent with the provisions of the United Nations Charter."

Mr. JAVITS. So that if it is organized, there will be no violation of charters to which we are a member.

Mr. GROSS. You do not intend under this provision to give the United States 1 vote and Russia 3, the present situation in the U.-N.?

Mr. JAVITS. No.

Mr. GROSS. In any organization you set up out in the Pacific?

Mr. JAVITS. The language does not say so.

Mr. GROSS. Mr. Chairman, this provision in the bill is further evidence of the dismal failure of the United Nations. If that organization was capable of promoting either peace or collective security there would be no call here for a separate pact. But this provision is in keeping with this bill—it will provide neither mutuality nor security.

Mr. CURTIS of Nebraska. Mr. Chairman, I rise in opposition to the preferential motion.

Mr. Chairman, I do not believe in roundabout attacks. I have no ax to grind in this amendment that I have offered other than that we do something to put the control of the purse in the hands of the Congress.

If we pass this bill as is, we are authorizing a program for 3 years that on its face looks like it is for 1 year only. I remind you people who have been hoping for the cutting off of this expenditure and that expenditure—all expenditures—and you people who have been asking, "Why has not the new administration and the new Congress bal-

anced the budget?" that it is because the great portion of your budget is uncontrollable. It is determined by what has been done in the past. If this bill passes as is, the money that is on hand now, plus what is appropriated, which may be up to \$14 billion, can be used in this program for 3 years, provided only that they make the obligations during the next year.

Do not tell me that that is necessary for the defense of the country. I call your attention to the Constitution, article I, defining the powers of Congress, which states:

To raise and support armies, but no appropriation of money to that use shall be for a longer term than 2 years.

If this is justified on the basis of our defense, then we are bound by the Constitution to provide for only 2 years.

Do you mistrust the future? Do you mistrust what this Congress will do next year? Do you mistrust the American people in their selection of a Congress to serve 2 years from now? If you do not, then these programs should not be projected far, far in the future and bring about a situation where the Congress has nothing to do but raise the taxes and pay the bills. As long as that system goes on, then Congress sits here helpless and pays for the goods ordered previously, and they have no control to terminate or to restrict or to reduce.

I hope this amendment will be favorably acted upon. If you need a program for 3 years or 4 years, authorize for that, but do not come in here with a program that appears to run for 1 year when in reality it runs for 3 years.

Mr. BYRNES of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Nebraska. I yield to the gentleman from Wisconsin.

Mr. BYRNES of Wisconsin. I think the gentleman has hit really a very vital point in the matter of proper fiscal management. He points up the real reason why we today are facing trouble in the management of our expenditure program as against our revenues, and that is always going to be the case until you stop obligating Congresses 3, 4, and 5 years from now.

Mr. CURTIS of Nebraska. That is exactly right. The reason that the President of the United States and the Secretary of the Treasury have anticipated a deficit this next year, and one that might be higher in the year following unless some drastic action is taken, was not because of their planning for more spending; it was because we must pay for previous obligations. At the present time you have no control over 67 percent of your budget. We are slaves to fixed charges and obligations.

The CHAIRMAN. The question is on the motion offered by the gentleman from Iowa [Mr. GROSS].

The motion was rejected.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on the Curtis amendment and all amendments thereto close in 3 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. VORYS].

Mr. VORYS. Mr. Chairman, this is another case where you do not know what your committee has already done. We have not only cut money but we have cut time. The administration proposal for time was to extend the time 7 years, that is, extend the basic period 4 years and, with 3 years more for carrying out long lead item contracts. We cut it down to just 1 year.

We simply added 1 year to the time for completing contracts after the termination date which will be a year from June 30. The reason we cut to this short period was that the President of the United States has promised "by early next year we will be prepared, with appropriate consultation with the Congress, to recommend a new basis for this legislation." At that time we can fully debate what sort of lead time we want to provide for. So we shortened this period from the administration request of 7 additional years down to 1 additional year and now the gentleman from Nebraska wants to cut it 1 additional year. I suggest you leave it the way it is because of two things: First, before that time comes up we will have a new bill here with some discussion about the termination date; second, in the meantime we need the 2-year compensation period because of this long lead time on military items, where a lot of them take a couple of years to build, and there are many important military items that they ought to be contracting for during the current year for delivery after the year is over. Now as to whether the Congress complies with the Constitution by acting on military appropriations every 2 years, let me remind you that this Congress under this legislation not only appropriates every year but it is one of the few bills where we authorize every year. That is what we are doing here today. And if we do not authorize it the thing might stop dead on June 30, so all we are doing is to keep this program going for another year, until we can have additional legislation. But during that time we want to have enough lead time in advance of that so that they can order and complete the contracts on some important, strategic military weapons such as planes, tanks, and electronic equipment.

I hope the amendment will be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Nebraska [Mr. CURTIS].

The question was taken; and on a division, (demanded by Mr. CURTIS of Nebraska) there were—ayes 79, noes 94.

So the amendment was rejected.

(Mr. JONAS of Illinois asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. JONAS of Illinois. Mr. Chairman, I realize that the bill we are considering today is one of grave import both to this country and to the free nations of the world. It is a measure intended to a lesser degree to implement and carry out a foreign policy but slightly removed

from that of the Truman administration.

I do not wish to be critical of the committee which labored so hard in its preparation, but by its efforts, however sincere and painstaking, it produced only a facsimile in a shrunken state of the package bill sponsored by the administration which President Eisenhower succeeded. In brief, this bill does not spell out in enough detail how we are to actually use the billions of dollars which will be wrung from the long-suffering taxpayers of this country. Our people have a right to know what their money is to be used for—where it is to be used—and to know that its use will actually do something toward the accomplishment of peace in this generation.

Standing alone and if presented in separate bills, there are provisions in the instant measure which I endorse without question. I offer no opposition to any steps taken by this country which, through legislative action, would alleviate the suffering of children and the aged and the bombed-out victims of war wherever they are or wherever they may be, but, Mr. Chairman, the bill now before us for consideration is entirely too general and too vague about this specific aid. Nor does it spell out how the money should be spent, who should direct the spending, and what specifically it shall be spent for.

The term "economic assistance" is, in my opinion, entirely too ambiguous, elusive, and vague. Section 201 would hand the President \$200 million for, and I quote, "defense support and economic assistance for Europe." This, Mr. Chairman, is illustrative of what I mean by using the term "too vague and too general." Apparently it leaves to the subordinates appointed by the President the interpretation and determination of what is "defense support" and what is "economic assistance." It would be better to define in specific terms, including that of spelling out in guns, tanks, and airplanes our "defense support"—and it would be infinitely better that we write out "economic support" in terms of food, clothing, and shelter.

This same section amends the Mutual Security Act of 1951 so that France will get \$100 million for the manufacture of artillery—and England a like amount for the manufacture of military aircraft—the manufacturing to be done in those countries presumably to bolster their sagging economies. There is no provision that such manufacture take place under our supervision, or at least with some measure of control by this country. Already there are ample indications that both France and England are swinging toward a state of mind aptly described as "neutralism."

Paragraph (c) of section 201 amends the Mutual Security Act of 1951 in such a fashion as to give \$400 million for military support to France in the Associated States of Cambodia, Laos, and Viet Nam—an area now subject to Red pressure. In the light of this intended appropriation, let us face up to the harsh fact that in Korea for the first time in our history we have suffered an outright

setback which can be construed as not far removed from actual defeat, after expending 30,000 lives on the field of battle, and numbering another 120,000 of our boys as wounded, missing or prisoners of war; and after the expenditure of billions of dollars, our flag lies humble before the aggressor.

It may strike some of us as a terrible admission; nevertheless, it is time to become realistic and understand that we cannot police the world. We were told, Mr. Chairman, that the United Nations would bring an end to war—yet, written into the Charter of the United Nations was the provision which rendered that organization powerless to halt aggression, but actually put the aggressor in the driver's seat where he, and not the peace-loving nations, can say when and where there will be no peace. I refer, Mr. Chairman, to the veto power given to Russia. This enables the men in the Kremlin to say what aggression can continue and which shall be stopped.

The \$400 million military assistance that this bill would give to France for her military operations in the Far East is not appreciated by the citizens of France; nor do I believe that the people of that country bear us any love, and in some instances have indicated that they manifest toward us downright ill will. More and more French publications damn us as warmongers, and say that we propose to run France and the rest of the world. France is not the only nation which has overtly shown her ingratitude toward us. Public men in England have seen fit to declare our Constitution the document of an isolationist nation.

In section 301 of the bill before us we find an appropriation of \$100 million for special weapons to be given to various NATO countries. These weapons would be transferred from our own stockpiles—and in transferring them we may unwittingly send them in a direction opposite that from which attack might come. There is nothing in the bill which defines "special weapons," but they might as well be atomic. Would it be wise to trust these weapons to allies who seem indifferent to defense and seek only neutrality?

One hundred and ninety-four million dollars is earmarked for the Near East and Africa to furnish special economic assistance designed to promote the economic development and to assist in maintaining political stability in those areas. Here, again, the bill is devoid of specifics and details—nothing but generalities. But, aside from specifics—might we raise the question that we are going too far afield in attempting to bolster the economics and stabilize the politics of areas so distant from our shores? Could we not better use this money at home? We need some economic and technical aid right here in our own country.

In this measure we propose to throw billions of dollars into military and economic aid to nations around the world, while at home we need much of this money for aid to our own people. And, by aid to our people at home, I do not mean direct grants or any vast Federal program of a socialistic nature.

The inadequacies and presumed virtues of the bill, together with the real or potential vices and deficiencies were presented and interposed either for or against the measure during prolonged and extended debate in the House before this bill was subjected to amendments. I can conceive of no marked difference in the arguments presented by both the proponents and opponents of the bill that differ materially from the arguments advanced when a similar bill was debated in the 82d Congress. The fact remains that the objectives sought in each instance are practically alike. The main difference is that of figures and the overall amount to be expended. Aside from that feature, I invite the production of factual evidence that will refute this challenge.

In the United States today there are innumerable examples of whither we are drifting because of lack of funds so necessary to sustain the obligations and functions delegated to the several States and their respective subdivisions and municipalities. The authorities charged with the responsibilities of maintaining our State and local governments are all more or less pointing out that they cannot raise funds necessary to adequately discharge their legal and moral obligations to the citizens and inhabitants except by adding more taxes to the huge and burdensome taxload that they are already obliged to assume.

Every dollar expended to carry out the provisions of the mutual aid and security program appropriated in H. R. 5710 finds its way into the Treasury of the United States by one route only—that is by calling for more taxes regardless of whether the money is procured by direct or indirect levies.

The report of the House Committee on Foreign Affairs labels H. R. 5710 a package bill. To that extent I am heartily in accord with the language noted in the report. I voted not to approve the mutual security package bill adopted by the 82d Congress, and in the best interests of all the people of our Nation, I will vote not to approve H. R. 5710. I do so with the firm conviction that when the Founding Fathers of our country inserted in the Constitution section 8 of article I the words: "The Congress shall have the power to lay and collect taxes, duties, imposts, and excises, to pay the debts and provide for the common defense and general welfare of the United States," it was not intended nor anticipated that future Congresses would frequently appropriate and authorize billions of dollars for allocation to carry on many of the activities specified in the Mutual Security Act. What we have been doing and propose to continue to do in furtherance of mutual-security aid to foreign nations seems to me in a good many instances to be far removed from contributing to the "common defense and general welfare of the United States."

Mr. BURLESON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BURLESON:

On page 11, line 2, after "Sec. 546", insert "Notwithstanding any other provision of this

act, no funds authorized to be appropriated by the amendments made by the Mutual Security Act of 1953 shall be appropriated until after January 1, 1954."

On page 11, line 6, strike out "fiscal year 1954."

Mr. BURLESON. Mr. Chairman, this is a continuation of an effort which I believe to be justified, in postponing a final judgment on this matter until certain very serious difficulties are more nearly and more clearly determined. It simply provides that no appropriation shall be made on this authorization until the first of next year. It continues, however, the unexpended balances now available from all the appropriations which have heretofore been made.

The first thing we should remember is that we have in excess of \$11 billion unexpended. My amendment reauthorizes and continues whatever programs are provided to be supported by these funds. In other words, \$11 billion and more will be available until June 30, 1954, and after January of next year the Appropriations Committee can conduct their "new look" at developments around the world. I have opposed cuts and crippling amendments to this bill today. I join with the leadership on both sides of the aisle and especially with the Speaker and former Speaker, that we have had world leadership thrust upon us, whether we wanted it or not, and we have tremendous responsibility in this world. That has been said many times on this floor today. We need a positive and forceful leadership, and I think we have it in this administration. This administration is no haven for isolationists. It is no haven for the fearful. I think we are supporting this administration when we say, "Let us share our responsibilities and wait a few months until we can determine some of these things." Just to mention a few, Yugoslavia was discussed at length here this morning. The imponderables connected with Yugoslavia are many. France is without responsible leadership today. What is going to happen in the great Middle East? What is going to happen when a truce is brought about in Korea? No one can possibly anticipate all of the difficulties and all of the changes that are inevitably going to occur by all these things.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. BURLESON. I yield.

Mr. HALLECK. I would like to understand just what the gentleman's amendment means. As I understand it, it is estimated there will be \$400 million of unobligated money on June 30. All of the rest of the funds are obligated. Therefore, for 6 months there could be no carrying on of this program, which is contemplated here, except to the extent of the \$400 million, if the gentleman's amendment were to prevail.

Mr. BURLESON. The distinguished majority leader, of course, knows that to distinguish between unexpended and unobligated balances requires interpretation of the facts. As of the first of last month, and I will stand corrected if I am not correct, approximately \$11,800,000,000 was unobligated. In less

than 60 days the sum between the low figure the gentleman has mentioned as being unobligated and the \$11,800,000,000 unexpended, is that balance which has not been allocated or earmarked and dedicated to a particular purpose. I think we will find in looking through the record, that in every year this program has been in existence, more than two-thirds of all the funds have been obligated in the last 60 days of the fiscal year. Maybe that just happens. But it is a peculiar thing to me that they come along so rapidly at that period each year. I tried to picture yesterday when I was pleading for a postponement of the consideration of this bill, and as I did in the committee, a great hopper up here with almost \$11-billion-plus in it. The funnel end of the hopper is tied into the pipeline and that pipeline is flowing all along. You cannot see anything but the \$11,800,000,000 up here in the hopper. It is still there. They say it is obligated when it is dedicated to a certain purpose, and when it is allocated to a certain area. It is a paper transaction. Whatever is said about obligated balances or unexpended balances, it remains a fact that for the fiscal year 1953-54, all programs now in effect, military or otherwise, will have more than \$11 billion for support.

These efforts will not be interrupted, the continuity of operating these programs will not be jeopardized by a few months delay in furnishing the money for this new bill. Not only will we be acting with prudence with reference to the actions of participating nations but we will also know more about our own economy 6 months from now.

I hope the membership of this House will support my amendment.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment and amendments thereto close in 5 minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from South Carolina [Mr. RICHARDS].

Mr. RICHARDS. Mr. Chairman, if there is confusion now, and there seems to be considerable confusion here, the proposed amendment would add more confusion still. The adoption of this amendment would simply compound confusion as to what must be done in the battle against communism. I remember during the last administration some of our friends on the other side had a great deal to say, and had a lot of amusement at the expense of our then Secretary of State. I think he was a great Secretary of State, just as I think Mr. Dulles will prove to be a great Secretary of State, when he said that we should wait a little while until the dust settles. What my friend, the gentleman from Texas, is proposing here is, "Go ahead and authorize this money, when we know we will not be saving anything from the authorization. So let us wait a little while until the dust settles and not do anything about it, no matter what happens." We do not know what is going to happen in Europe, and we do not

know what is going to happen in Asia. There are clouds, maybe small clouds now, in north Africa. But though they may be small now, we do not know how those clouds may expand 2 months from now. There are many Members here who honestly believe that the whole bill is a mistake.

There are many Members here who do not think anything should be cut out and that we should take the word of the executive department of the Government. But, so far as the Foreign Affairs Committee is concerned, it has done its duty as it saw it. We have cut this bill, almost half a billion dollars. We have come in here with almost a united front. If we want to emasculate the bill, let us do it but at least let us do it like men. Let us not, on the one hand, say, "Here it is," and the on the other hand, say, "No, you cannot use it until the first of next year."

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Ohio.

Mr. VORYS. If the gentleman will allow me to suggest it, instead of a recommittal motion, this is a sort of non-committal motion. It says, in substance, we cannot make up our minds, so let us authorize it, put our hands in our pockets and our fingers in our mouths and wait. I suggest that in this naughty world, he who hesitates is lost right now. If the word went out that we had done a thing like that, we would very properly lose such allies as we have in a hurry and we would face a tragic situation, when they found that the great Congress of the United States, the Congress of this great Republic, just simply could not make up its mind what to do. I hope the amendment is defeated.

Mr. BURLESON. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Texas.

Mr. BURLESON. I might say to the gentleman from Ohio [Mr. VORYS], if we are going to lose friends that easily, then they are not worth saving anyway. But let me say also that I shall vote against any motion to recommit. I shall support this bill when I have to vote for it. But let me also ask my distinguished minority leader of the committee if any of these \$5 billions of funds can possibly be used within the fiscal year for which we are authorizing appropriations in this bill?

Mr. RICHARDS. I do not know. I want our hands to be untied, if we are going to authorize this money.

Mr. HALLECK. Mr. Chairman, will the gentleman yield to me?

Mr. RICHARDS. I yield to the gentleman from Indiana.

Mr. HALLECK. I think in this matter, as in the matter of our own national defense, there must be a lead time. I think in the past we have had too much lead time. I think it ought to be cut back. But the bare fact remains that if the unobligated balance carried over June 30 is only \$400 million—and that is my information corroborated by certain members of the committee—then this program would be

stymied, it would go into neutral, it could not be carried forward for 6 months. In my opinion, that would be tantamount to killing the program.

Mr. RICHARDS. It would just leave a vacuum and slow down the momentum which is vital.

Mr. GAVIN. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Pennsylvania.

Mr. GAVIN. The gentleman said that they had obligated some \$11 billion in the last 60 days; is that right?

Mr. RICHARDS. No; that is not correct.

Mr. GAVIN. What was the statement, may I ask?

Mr. RICHARDS. I do not think the gentleman said that.

Mr. BURLESON. If the gentleman will yield to me, there was \$11,800,000,000 unexpended as of the first of last month—

Mr. VORYS. Unexpended.

Mr. BURLESON. Unexpended.

Mr. VORYS. Not obligated?

Mr. BURLESON. That is true. But unobligated and unexpended in this instance is about the same thing. It is an arbitrary paper designation.

Mr. GAVIN. How are they going to spend that in 6 months? You cannot spend that in 6 months.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from Texas [Mr. BURLESON].

The question was taken; and on a division (demanded by Mr. DORN, of South Carolina) there were—ayes 78, noes 118.

So the amendment was rejected.

Mrs. KELLY of New York. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. KELLY of New York: On page 11, line 8, strike out the period and insert "except that portion of the unexpended balance earmarked for Yugoslavia."

Mrs. KELLY of New York. Mr. Chairman, I do not want to take the time of the membership of the House for further discussion on Yugoslavia.

Arguments against aid to this country have been presented in earlier debate, to which I subscribe. I do not want economic or military assistance to a leader of a country who is an admitted Communist. I would like to assist the people of Yugoslavia who are held in slavery by the Communist regime, but assistance to Yugoslavia will not help the Yugoslavs, but helps to keep in power a regime not of their choice. The section which I wish to amend refers to the carryover or unexpended balance, and I am asking that that portion which was earmarked for past programs for Yugoslavia be deleted.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mrs. KELLY of New York. I yield to the gentleman from South Carolina [Mr. RICHARDS].

Mr. RICHARDS. As I understand, the gentleman has an amendment strik-

ing out the present authorization or future authorizations for Yugoslavia.

Mrs. KELLY of New York. That was not my amendment, Mr. RICHARDS, but I did support Mr. FULTON, by whom it was offered.

Mr. RICHARDS. The proposal of the gentlewoman from New York, then, is to stop any funds?

Mrs. KELLY of New York. Yes, and to stop the delivery of items previously authorized and appropriated.

Mr. RICHARDS. Of any funds.

Mrs. KELLY of New York. You are correct. That is my purpose.

Mr. RICHARDS. Even though authorized by this House?

Mrs. KELLY of New York. That is correct.

Mr. VORYS. Mr. Chairman, I move that all debate on this amendment close in 2 minutes.

The motion was agreed to.

Mr. VORYS. Mr. Chairman, this is the first time there has been an attempt made to blackball any nation by name in this legislation, and I hope we do not do it. The amendment should be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from New York.

The question was taken; and on a division (demanded by Mrs. KELLY of New York) there were—ayes 22, noes 110.

So the amendment was rejected.

Mr. COLMER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COLMER: On page 20, after line 15 insert:

"CHAPTER 8, CEILING ON AUTHORIZATIONS OF APPROPRIATIONS

"SEC. 401. The total of all appropriations made in pursuance of the several authorizations of appropriations contained in this act shall not exceed \$4,500,000,000."

Mr. COLMER. Mr. Chairman, I am one of those humble Members of this House who is not a member of the Foreign Affairs Committee, who is not an expert on foreign affairs, who approaches this subject not as a Democrat or as a Republican, or an Independent, but who is one of those many Members of this House who is very much concerned and whose soul is troubled about this bill. I want to congratulate the membership of this House upon the nonpartisan attitude in the approach it has taken in the consideration of this bill. We have witnessed here today the real big guns on both sides taking the floor in support of this legislation—the distinguished Speaker of the House, the distinguished majority leader, the distinguished minority leader, and the minority whip as well as others.

But some of us are still concerned—we are worried. We are searching our souls. We have heard much about the security of this Nation. I call your attention to the fact that the first line of security for this Nation is not how many battleships, jet bombers, guns, and so forth, we have but the solvency of the American dollar, the thing that everybody in the world is looking for—our dollars.

I have supported all of these programs by whatever names they have been brought in, always with the assurance that sometime there was going to be a cutoff date, until the last one when I rose in the well of this House and announced that unless there was a cutoff date and unless the amount was reduced I was going to file a protest vote. I do not want to file another protest vote. I do not hold anything against any Member of this House, regardless of party or section of the country for the position that they take on this legislation. I know it is something that tests their souls because this is an important matter.

I say to you that somewhere along the line we have got to consider how far we can go without destroying our own economy, thereby not being able to help anybody in the world, including ourselves. We owe the stupendous sum of \$267 billion. Did you ever stop to think about what that means? Suppose you stopped going into the red, suppose you stopped deficit spending, and retired that obligation at the rate of \$1 billion a year. It would take you 267 years to retire the present debt.

Mr. Chairman, why am I alarmed? I am alarmed because it is now costing more money to service the national debt than it was costing to operate the whole of the Federal Government when I came to Congress. That is something that must give us all concern.

I want to help these people and I think we have helped them, but the thing that worries me is how long? How long are we going to be able to go along with these annual appropriations?

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

(By unanimous consent, Mr. COLMER was allowed to proceed for 4 additional minutes.)

Mr. COLMER. That is what worries me. For the past several years I have been a member of that little group, call them reactionaries, call them conservatives, call them anything you want, who have been concerned about balancing the budget which I think ought to be the first objective of this or any other administration. I have voted against many improvements, many bills that would help the people of my district and the people of this Nation in order to reach that objective of balancing the Nation's budget, stabilizing the American dollar, and continuing this glorious Republic of ours. Once the financial stability of the Nation is lost you have lost everything and you will not be able to help anybody.

Now they tell us that the world is in a very sad situation. I have been hearing that for 20 years. I know it is true, too. I know that the situation abroad is very fluid. I know that the masters of the Kremlin, even though Stalin has gone to the Great Beyond, are still the masters of the situation. They are still calling the signals and we are still running the defensive plays.

In my judgment—and it is purely my judgment; maybe I am wrong, and with those of you who disagree I shall not

fall out with—but in my humble judgment the main objective of the Kremlin is not peace, not war. They want neither; they want confusion, they want world chaos, they want to take over after destroying our economy by appealing to the hungry bellies. Do you know know where I got that phrase, "hungry bellies"? A lot of the Members talked in the well of this House today about being in Europe. Well, I was in Europe in 1945. There was one stock question I asked the rulers of 13 countries over there, and some of you here were with me. I asked all of them, "What is the chance of this country going Communist?" In August 1945, I asked one general, Dwight Eisenhower, that question, when he was in charge of our forces in Germany. I asked him that there in Frankfurt. Do you know what he said after a moment's reflection? He said, "People with hungry bellies do not care much what type of government they live under." Now if we are going to destroy the economy of this country by trying to help everybody else beyond our means, then the hungry bellies come in in this country and the Communists take advantage of it by promising them something for the future.

I realize that it is more or less futile to seek this reduction; I realize what the situation is. I have been around here long enough to know that when the leadership on both sides of the aisle are in accord, as they are here today, that it is impossible to buck them. However I did want to give those Members who desired to do so, an opportunity to save the overburdened taxpayers of America a half billion dollars. That is all my amendment does. I hope that you can go along with it in spite of the pressure from all sides.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. COLMER. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

Mr. KILBURN. I object, Mr. Chairman.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

Mr. BUDGE. I object, Mr. Chairman.

The CHAIRMAN. Objection is heard.

Mr. BUDGE. Mr. Chairman, I offer a substitute.

The Clerk read as follows:

Amendment offered by Mr. BUDGE as a substitute for the amendment offered by Mr. COLMER: On page 19, line 17, add a new section entitled:

"Sec. 707. Of the amounts hereinbefore authorized to be appropriated not more than 90 percentum thereof is authorized to be appropriated in fiscal year 1954."

Mr. BUDGE. Mr. Chairman, I objected to the time limitation because when I asked the Chair earlier in the day on a point of order if I could be recognized at any point on this bill I

told the Chair the type of amendment I sought to offer. I have been trying to offer it now for the last hour and a half, and I hope that I get my 5 minutes, although I shall not attempt to impose upon the time of the House beyond that period.

Mr. Chairman, my amendment simply states that on each of the items in this bill the Appropriations Committee cannot appropriate the entire amount in fiscal 1954, that it can appropriate only 90 percent of the amounts which have been approved. It is a 10-percent cut on each item. I have specifically worded the amendment in that way for this reason. We have had quite a little discussion this afternoon about the sanctity of the Eisenhower budget in this instance and the fact that the committee cut the Eisenhower budget 9 percent.

In the bills that have gone through this House in the last few weeks and which affect Americans you have in the civil functions bills, that affects every man in this House made a cut not of 9 percent but of 17 percent. In the Labor-Federal Security bill we took a cut of 6 percent on items that affect the very lives of the people of America. The Interior bill, which is the bill that protects the physical resources of the United States, we did not cut by 9 percent, we cut it 16 percent. All these cuts refer to the Eisenhower budget.

If we are going to continue this program, and I can see we are, then why in all fairness should not the rest of the world take a 10 percent cut along with the United States? The amendment will simply reduce each item for each nation by 10 percent. I sincerely hope the Committee can see fit to adopt the amendment.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. BUDGE. I yield to the gentleman from California.

Mr. McDONOUGH. Does not the gentleman mean he wants to cut the authorization 90 percent, because the gentleman just recited the appropriation bills that had been previously authorized and the appropriations which had been made which were less than the budget and a lot less than the previous authorization. What the gentleman wants to get at, as I understand, is a cut of 90 percent of the authorizations of the funds in this bill?

Mr. BUDGE. I am seeking to cut the authorization not 90 percent but 10 percent. It is only 10 percent, not 90 percent, and that will be a smaller cut than we have imposed upon the Eisenhower budget for the things which we want to do in our own country.

Mr. COLMER. Mr. Chairman, will the gentleman yield?

Mr. BUDGE. I yield to the gentleman from Mississippi.

Mr. COLMER. The gentleman is making a very excellent statement, and I congratulate him on it. I am sure the gentleman also appreciates the fact that this is not for this year alone but that this thing may last 20 years; that if the Communists want to keep us off balance and in a constant turmoil rather than have an all-out war, then they are ac-

complishing their purpose by draining us white, and they can take over after they have destroyed our economy.

Mr. BUDGE. I thank the gentleman.

Mr. Chairman, in conclusion, I would simply like to remind the Members that in the Labor-Federal Security appropriation bill, which passed the House a couple of weeks ago, we dealt with every human need of the people of this Nation. We had \$1,340,000,000 there for public assistance. We had all the public-health programs and all the research activities. We had aid to schools and aid to hospitals and endowments for education and aid for practically every need—for widows and dependent children, the blind and other physically handicapped, and all other needs of the people of our own Nation. With \$1,340,000,000 of it designated for public assistance, the total bill amounted to less than \$2 billion. Here we are spending two and one-half times that much abroad. We cut all American programs, and I plead with the Committee to simply make the rest of the world take the cut that the poor and the sick and those who are in need in our own country have been forced to take.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment and all amendments thereto close in 5 minutes.

Mr. SHAFER. Mr. Chairman, I object.

Mr. VORYS. Mr. Chairman, I move that all debate on the pending amendment and all amendments thereto close in 5 minutes.

The question was taken; and on a division (demanded by Mr. SHAFER) there were—ayes 115, noes 28.

So the motion was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. VORYS].

Mr. VORYS. Mr. Chairman, first I wish to apologize to my dear friend, the gentleman from Idaho [Mr. BUDGE]. I had no idea of shutting him off. I understood he did not wish to offer his amendment as a substitute for the pending amendment. However, as soon as I discovered that that was his wish, I was glad to defer to him, of course, so that he could explain his amendment.

Mr. Chairman, we have a doubleheader here before us. We have two battleax amendments—one of them, the 10 percent, makes a blind date with the end of this bill—whatever it is—and it is to be a 10-percent cut of whatever is in it. The other amendment makes a cut of \$450 million, which would be an utter impossibility to administer. Let me remind you, as our Speaker has said, this is an authorization bill where we are not appropriating a dime, but putting limitations upon foreign activities. The committee bill is already a 34-percent—or \$2,700 million—cut in the original Truman budget. The committee itself cut \$478 million. But it was done selectively. We have spent the afternoon deciding which part of these programs we wanted to eliminate or reduce, and we have tried to go at it intelligently, but this is a wholesale approach to cutting,

and I hope the amendments are defeated.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. RICHARDS. I would like to join with my colleague in opposition to most of these amendments. Is it not a fact that the cuts referred to by the gentleman who has just spoken were made in the appropriation bill?

Mr. VORYS. Yes; he has been talking about appropriation bills.

Mr. RICHARDS. As a matter of fact, so far as this authorization is concerned, the committee has cut the Eisenhower budget by 10 percent; is that not correct?

Mr. VORYS. It has cut 15 percent, or \$830 million, below the original Eisenhower budget in the bill before us now. We have done that.

Mr. RICHARDS. If there is any merit to the gentleman's position, that fight should be made on the appropriation bill when it comes up.

Mr. VORYS. Yes; all of this is going to be reviewed in the appropriation bill.

Mr. BUDGE. I just want to correct the gentleman to this extent. You are talking now about the Truman budget. The Interior Department appropriation bill was cut 33 percent below the Truman budget. The civil-functions bill was cut 40 percent below the Truman budget.

Mr. VORYS. The gentleman is talking about appropriations. I am talking about authorizations. Here the committee has already cut 34 percent below the Truman budget, even before the bill gets to the Appropriations Committee. Please let it go to the Appropriations Committee the way we have it now. There already are stern limitations on foreign-policy activities all over the world. Please do not try to hamstring this by these amendments.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from Idaho [Mr. BUDGE] to the amendment offered by the gentleman from Mississippi [Mr. COLMER].

The question was taken; and on a division (demanded by Mr. BUDGE) there were—ayes 102, noes 132.

Mr. BUDGE. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. Vorys and Mr. Budge.

The committee again divided; and the tellers reported that there were—ayes 101, noes 152.

So the substitute amendment was rejected.

The CHAIRMAN. The question recurs on the amendment offered by the gentleman from Mississippi.

Mr. COLMER. Mr. Chairman, I ask unanimous consent that the amendment may be again reported.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. COLMER: On page 20, after line 15, insert:

"CHAPTER 8. CEILING ON AUTHORIZATIONS OF APPROPRIATIONS

"SEC. 401. The total of all appropriations made in pursuance of the several authorizations of appropriations contained in this act shall not exceed \$4,500,000,000."

And renumber succeeding chapters and sections appropriately.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi [Mr. COLMER].

The question was taken; and on a division (demanded by Mr. COLMER) there were—ayes 83, noes 104.

So the amendment was rejected.

Mr. BENTLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BENTLEY: Page 6, lines 22 and 23, strike out "\$94,400,000" and insert "\$47,200,000."

Mr. BENTLEY. Mr. Chairman, I do not expect this amendment to be adopted. I have two other amendments at the Clerk's desk that I am not going to offer this afternoon in the interest of those who want to get away. The temper of the Committee is evidently against any further reductions.

But I would like to tell the Committee a few things about what is going to be done when it authorizes this full amount of \$94,400,000, which happens to be for special economic assistance to India and Pakistan. It is part of a total amount of something better than \$400 million—the total amount of technical and economic assistance that we are authorizing in this legislation.

I call it a giveaway program, and when I do that I am quoting a spokesman from the administration who came before our committee and called it a giveaway program—right in our own hearings. I would also like to quote of the leading members of the committee who terms this entire program an "international WPA."

Let me take just a moment to tell you some of the projects that this \$94,400,000 is going for in India and Pakistan:

Production wells, the importation of fertilizer, equipment for the production of fertilizer in that country—there is a lot of fertilizer in this bill—the mechanization of fisheries, \$25 million for India for river valley development in that country—sort of a TVA being exported over there—\$18 million to import iron and steel for agriculture, and so forth, and so on. Of this amount of \$94,400,000, nearly \$80 million goes to India for special economic assistance, added to which there is about \$29 million going to India under regular technical assistance, a total amount of \$109 million, which happens to be twice as much as we gave India last year—just double the amount.

I would also like to make the point that this special economic assistance is tied in with India's 5-year plan, about which I spoke briefly yesterday, and which the administration confidently expects to come back to this Congress next year or the year after this and ask for an average amount, according to their

own spokesman, of about \$200 million a year to support this 5-year plan in India.

Now, as far as Pakistan is concerned, the amount of special economic assistance is only \$14,500,000 and there is about \$13 million in technical assistance. Those are not large amounts except that I might point out that last year Pakistan was unable to absorb all of the money we put into that country and had to turn some of it back, and we are giving it more yet this year.

I just want to make the point—although I do not expect this amendment to carry—I just want the Committee to know something about what they are being called on to vote for this year in the way of authorization, not only for this year but for a commitment that will run at least 2 more years or longer.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. BENTLEY. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. I might point out that, in addition, there will be a bill here probably next week to give Pakistan \$100 million worth of wheat as a grant.

Mr. BENTLEY. Yes. I understand that that is in addition to all this Pakistan loan. I was not sure whether it was seventy or one hundred million dollars, but that must be figured in, too.

Mr. O'KONSKI. Mr. Chairman, will the gentleman yield?

Mr. BENTLEY. I yield to the gentleman from Wisconsin.

Mr. O'KONSKI. For the last 5 years Pakistan and India have been at virtual war with each other. How is the gentleman going to expect them to fight each other if we do not send them some money?

Mr. BENTLEY. I do not understand it. There is not a single man from Pakistan or from India in Korea, I would like to make that point.

I would just like to say this, when you go back home to your districts and try to explain to them why you did not get this project or that irrigation plan or something else for them, you can tell them, if you want to, it is because you were sending it over to some other part of the world.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. BENTLEY. I yield to the gentleman from Iowa.

Mr. GROSS. India's voting record in the United Nations as far as the United States is concerned is not very palatable either, is it?

Mr. BENTLEY. The Indians have attempted to pursue a position of neutrality in favor of their Chinese neighbors.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. SHAFER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, throughout this debate one statement has repeatedly been made which, to my knowledge, has not been challenged or denied. The gentleman from South Carolina [Mr. RICHARDS] said it yesterday:

The foreign policy of the United States is basically the same as it was under the last Democratic administration.

The same thing was said yesterday by the gentlewoman from New York [Mrs. KELLEY]:

The foreign policy which we are pursuing today is a continuation of [the] * * * policy established under the previous administration.

Those of the minority party who favor this bill make this claim proudly, almost boastfully. Others, of both parties, who oppose this bill make the same statement by way of indictment.

I belong to this latter group. I opposed the foreign policy of the past administration. I see no reason why I should support that same policy simply because it has new sponsorship. For me black does not become white that easily or simply. And I might say that some of the members of the Republican Party have not only adopted the Truman-Acheson foreign policy but apparently have adopted the Fair Deal smear tactics. I particularly resent the effort of the gentleman from Ohio [Mr. VORYS] to identify those of us who are critical of this relabeled Truman-Acheson foreign policy with the Progressive Party or with Communist-front groups. In view of the gamble which we are being asked to take with both the military and economic security of the Nation in a continuation of the international give-away program, it ill behooves anyone—least of all a Republican—to indulge in that kind of a smear against those who earnestly question the wisdom and justification of such a gamble. Let us hear no more of such vicious talk.

Throughout this debate we have constantly been reminded of the nonperformance of our alleged allies in the so-called program of mutual defense. We have been reminded that we "find ourselves again discussing the mutual security program for 1954 without the actual existence of a European army," to quote the gentlewoman from New York [Mrs. KELLY]. We have in the RECORD the acknowledgment that "these forces of our allies are not all equally ready, willing, and able to fight by any means," as the gentleman from Ohio [Mr. VORYS] phrased it yesterday. We have it pointed out that "unless and until the European army, with Germany in it, has been ratified, one-half of the \$2,079,000,000 for Western European military aid will not be delivered"—which is, in itself, a confession of our misgivings that even the half we are giving away may very well be another billion down the drain. We have the admission by the gentleman from New Hampshire [Mr. MERROW] that "there is a lag in the formation of the European Defense Community which we hope will soon be overcome."

All of these statements, I point out, come from the sponsors—not the opponents—of this new \$5 billion mutual security appropriation. Yet these same advocates of the measure at no time face up to the implications of their admitted misgivings and disappointments and hopes deferred. Having admitted all this, and having left unanswered the evidence of appalling instability in France—a nation without a government—having left unanswered the evi-

dence of the precarious situation in Italy, having left unanswered the evidence that European nations view us as alarmists who are leading them to the brink of war, having left unanswered the evidence that Great Britain is interested in appeasement rather than security—in the face of all this, the sponsors of this bill embrace the Acheson-General Bradley-Dulles doctrine that "the mutual program will produce more real security for the people of the United States than we could get by spending the same amount of money on a purely national program." How long shall we tolerate this folly? Are we to permit it to carry us over the brink of disaster?

More than a year ago I warned of the folly of this policy of collective security which calls for farming out separate defense functions and assignments to the participating nations. Last May I said:

This is the same kind of division of labor practiced by the automobile industry in setting up separate parts-manufacturing and assembling plants around the country. As we well know, under this scheme, a work stoppage or breakdown in any one plant cripples the entire production setup. Each unit is thus a link in a chain no stronger than its weakest link.

A mutual defense program built on this theory thus can be wrecked or gravely crippled by the failure of any one of the national units to fulfill its assigned function. This policy puts American defense at the mercy of a change of government or Communist coup in a European country, or even ordinary defense feet dragging in any of the countries involved.

There could be no graver betrayal of American security than to link our military defenses so completely with the unpredictable actions and policies of other nations.

On only one score would I change what I said a year ago last May. It should be clear now that the actions and policies of the other nations are not unpredictable. They are all too clearly predictable. These other countries are going to act on the basis of immediate self-interest. They are going to go it alone whenever they think it is to their advantage to do so. These nations have proved that the one thing about them which is definitely predictable is their unreliability as allies and as agents of effective defense for the United States.

I believed the Truman-Acheson foreign policy wrong. I believe events have demonstrated and are demonstrating how very wrong it was. I do not believe in sending good money after bad. Least of all do I believe in committing \$5 billion more to this folly when there is still \$11 to \$12 billion of unexpended funds still in the pipeline of the Truman-Acheson foreign policy and program which the administration is now unhappily adopting as its own. Billions for defense, yes; billions even for mutual defense, if and when our so-called allies give proof of their wholehearted and effective commitment to mutual defense. But not one more cent to justify the baseless and repeatedly deferred hopes that someday, some way we will have allies who can be relied upon in the time of need; not one cent more to protect those of either political party who have

a vested interest in the tragic blunders of the past.

One final word. While we talk here of so-called mutual security, a faithful ally—the Republic of South Korea—finds itself under pressure from its so-called allies, including the United States, to abjectly surrender its security in a false and treacherous truce. What a sham that makes of our mouthings about mutual security.

Washington had his Valley Forge. But even Washington was spared the tragedy we are inflicting on Syngman Rhee. No allies at Valley Forge told Washington he must make peace with the enemy on the basis of a divided country and at the price of unwon independence. No allies at Valley Forge compelled him to leave the Redcoats and the Hessians in possession of the northern colonies for the sake of peace.

Billions of dollars spent on programs of so-called mutual security will never be an adequate substitute for the determination to fight to win in the war in which we are already engaged. Billions of dollars spent for so-called mutual security can offset the loss of integrity and devotion to principle involved in forcing a weaker ally to abandon all hope of unity, independence, and security for his Nation. There is no defense or security against moral bankruptcy.

Mr. MERROW. Mr. Chairman, I rise in opposition to the amendment.

The pending amendment on page 6, lines 22 and 23 would cut the \$94,400,000 in half. This is money that is for economic development in India and Pakistan. I would like to call the attention of the Members to the language in the bill which states that it is "to be used on such terms and conditions" as the President may specify, "which shall include conditions and assurances to enable the countries designated in this subsection to make greater progress toward solving their mutual problems in cooperation with each other, to furnish special economic assistance designed to promote the economic development of such countries, and to assist in maintaining economic and political stability therein."

This is not a giveaway program, but it is a program designed to increase and to help increase the standard of living in 2 important countries in southeast Asia, namely: Pakistan, with a population of 76 million people; and India, with a population of 360 million people.

I submit that in this battle against communism around the world, one of the most effective weapons that can be used is assistance in enabling undeveloped countries to increase their standard of living.

True, the measure provides for assistance in respect to fertilizer and agriculture and in river valley development, but that is a part of helping these countries to increase their standard of living.

With a population of that size, and the money that is involved in this bill, I think you will agree that this is not spending an excessive amount of money. It is true that the total amount of money to be authorized in this bill for India is \$109,900,000, including technical assistance and economic development; and for

Pakistan \$27,500,000 for technical assistance and economic development. But in comparison to the other sums that are authorized in this bill, I think you will agree that this is small.

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield to me?

Mr. MERROW. I yield to the distinguished gentleman who was on the study mission with us to the Far East.

Mr. ZABLOCKI. Is it not true that in executive session Admiral Radford testified that the economic programs in all that area, including Pakistan and India, are absolutely essential in the long run to the security of the United States?

Mr. MERROW. That is correct. I agree that they are essential to the security of the United States. And I would also like to call the attention of the membership to the fact that these funds have been cut, just as other funds have been cut throughout this entire bill. It would seem to me that there is a point beyond which you cannot cut these authorizations and have the measure effective.

It has been emphasized here on the floor this afternoon that Asia is extremely important. I do not think anyone will disagree. Here are two countries in the Asiatic sphere.

This bill places more emphasis on and devotes more attention to the Far East. Certainly we ought to give the funds necessary to assist in the development of these countries. Technical aid has been of great assistance in the industrial and agricultural development of both India and Pakistan.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. MERROW. Briefly.

Mr. REED of New York. How many miles is it from India to this country?

Mr. MERROW. I guess about 9,000.

Mr. REED of New York. I think it is a little nearer 15,000; it is nearly across the world, and they are on the doorsteps of Russia. What does the gentleman think will happen to them over there with whatever security we think we could give them? Which side does the gentleman think they are going to tie up with?

Mr. MERROW. I think that if the standard of living of India and Pakistan can be raised that they will definitely be on our side. The fact that they are so close to Russia and the fact that they are in Asia makes it all the more necessary for us to help them increase their standard of living which is most effective in combating communism.

The CHAIRMAN. The time of the gentleman from New Hampshire has expired.

Mr. POLK. Mr. Chairman, I ask unanimous consent that the gentleman from New Hampshire may continue for 3 additional minutes.

Mr. VORYS. Mr. Chairman, I am constrained to object to any member of the committee taking extra time.

I do, however, ask unanimous consent that all debate on this amendment and all amendments thereto close in 7 minutes to be divided between the gentleman from Missouri and the gentleman from Minnesota.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The CHAIRMAN. The gentleman from Missouri [Mr. CARNAHAN] is recognized.

Mr. CARNAHAN. Mr. Chairman, I rise in opposition to this amendment and would like to point out to the members of the committee that every item covered by this assistance is an item which is basic to the production of food, water conservation, wells for irrigation, fertilizer, better-farming methods, and the aid is going to two new republics, India and Pakistan—400 million people who are striving toward becoming free and toward developing for themselves a standard of living which they will be willing to defend.

We say we will give military assistance but will not give economic assistance, and here we are saying we are attempting to build military strength on those empty bellies we have heard so much about today. Let me point out to the committee that military strength in the world is one of two things: It is either the abundance of a free economy like ours, or it is blood, sweat, and the food of slaves as the military power of Russia. Now, what kind of strength do we want to build? We cannot have military strength on our side if it is built on slavery and starvation; we must have military strength which is built on an abundant economy like our own; yet here we are denying to the 400 million people of this area a chance to develop for themselves enough food to keep from going hungry.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. CARNAHAN. I yield.

Mr. JAVITS. Is it not a fact that the committee was assured that the two most solid bastions for us in the Middle East included Pakistan, and that is one country directly affected?

Mr. CARNAHAN. The gentleman is correct.

Mr. BENTLEY. Mr. Chairman, will the gentleman yield?

Mr. CARNAHAN. I yield.

Mr. BENTLEY. I would just like to ask the gentleman from Missouri what India has done for us in the United Nations since we went into Korea 3 years ago.

Mr. CARNAHAN. And in reply I am going to ask the gentleman what a nation can do without food? Is it reasonable to ask our friends who do not have sufficient food to prevent the starvation of their own people to develop a position of military strength?

Mr. POWELL. Mr. Chairman, the bill reads as follows:

H. R. 5710

A bill to amend further the Mutual Security Act of 1951, as amended, and for other purposes

Be it enacted, etc., That this act may be cited as the "Mutual Security Act of 1953."

CHAPTER I—MILITARY ASSISTANCE

SEC. 101. Authorization of appropriation: The Mutual Security Act of 1951, as amended, is amended by adding at the end thereof the following new section:

"AUTHORIZATION OF APPROPRIATIONS

"Sec. 540. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$2,079,689,870 to be available under section 101 (a) (1) (relating to military assistance for Europe), of which not less than 50 percent shall be made available only for the organization referred to in clause (C) of section 2 (b); \$305,212,637 to be available under section 201 (relating to military assistance for the Near East and Africa); \$1,081,620,493 to be available under section 301 (relating to military and other assistance for Asia and the Pacific); and \$15,000,000 to be available under section 401 (relating to military assistance for Latin America)."

CHAPTER II—MUTUAL DEFENSE FINANCING

SEC. 201. Authorization of appropriations: (a) The Mutual Security Act of 1951, as amended, is amended by adding after section 540 the following new section:

"Sec. 541. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$200,000,000 to carry out the provisions of section 101 (a) (2) (relating to defense support and economic assistance for Europe), and not to exceed \$84,000,000 to carry out the provisions of section 302 (a) (relating to defense support, economic and technical assistance) for the National Government of the Republic of China and the Associated States of Cambodia, Laos, and Viet Nam."

(b) Such act, as amended, is further amended by inserting after section 101 the following new section:

"Sec. 102. There is hereby authorized to be appropriated to the President for the fiscal year 1954, to be made available on such terms and conditions (including transfer of funds) as he may specify, (1) not to exceed \$100 million for manufacture in France of artillery ammunition, and semiautomatic weapons required by French forces for the defense of the North Atlantic area, and (2) not to exceed \$100 million for manufacture in the United Kingdom of military aircraft required by United Kingdom forces for the defense of the North Atlantic area."

(c) Such act, as amended, is further amended by inserting after section 303 the following new section:

"Sec. 304. There is hereby authorized to be appropriated to the President for the fiscal year 1954, to be made available on such terms and conditions (including transfer of funds), as he may specify, not to exceed \$400 million for the procurement of equipment, materials, and services (as defined in section 411 of the Mutual Defense Assistance Act of 1949, as amended) which are required by and are made available to, or are necessary for the support of, the forces of the Associated States of Cambodia, Laos, and Vietnam and the forces of France located in such Associated States."

CHAPTER III—MUTUAL SPECIAL WEAPONS PLANNING

SEC. 301. Authorization of appropriation: The Mutual Security Act of 1951, as amended, is amended by adding after section 541 the following new section:

"Sec. 542. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$100 million for the purpose of furnishing special weapons to nations eligible to receive military assistance under this act or to the international organizations referred to in section 2 (b) (A) and 2 (b) (C) of this act: *Provided*, That, prior to the obligation of funds for this purpose, the President shall determine that such obligation is of direct importance to the security interests of the United States and is in furtherance of the policies and purposes of the Mutual Defense Assistance Act of 1949, as amended: *And provided further*, That, prior to the transfer of such

weapons, the President shall determine (1) that the recipient is adequately prepared to safeguard the security of such weapons; (2) that the transfer of such weapons will be of direct importance to the security interest of the United States; and (3) that such transfer will further the purposes and policies of the Mutual Defense Assistance Act of 1949, as amended. Nothing contained in this section shall alter, amend, revoke, repeal, or otherwise affect the provisions of any law restricting, limiting, or prohibiting the transfer of any such weapons. Notwithstanding any other provisions of this act, funds made available pursuant to this section may be used only for the purpose of this section."

CHAPTER IV—TECHNICAL ASSISTANCE

SEC. 401. Authorization of appropriation: The Mutual Security Act of 1951, as amended, is amended by adding after section 542 the following new section:

"Sec. 543. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$43,792,500 to carry out the provisions of section 203 (relating to economic and technical assistance for the Near East and Africa); \$721,100,000 to carry out the provisions of section 302 (a) (relating to defense support, economic and technical assistance) other than for the National Government of the Republic of China and the Associated States of Cambodia, Laos, and Vietnam; and \$24,342,000 to carry out the provisions of section 402 (relating to technical assistance for Latin America)."

Mr. Chairman, this is an insult to the good people of India. It strikes at the heart of our democratic world ideals. I ask for its defeat.

CHAPTER VI—MULTILATERAL ORGANIZATIONS

SEC. 601. Movement of migrants: Section 534 (relating to the movement of migrants) of the Mutual Security Act of 1951, as amended, is amended by adding at the end thereof the following new sentence: "There is hereby authorized to be appropriated to the President not to exceed \$10,000,000 for contributions during the calendar year 1954 to the Intergovernmental Committee for European Migration."

SEC. 602. Multilateral technical cooperation: The Mutual Security Act of 1951, as amended, is amended by adding after section 543 the following new section:

"Sec. 544. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$13,750,000 for multilateral technical cooperation under section 404 (b) of the Act for International Development."

SEC. 603. Children's welfare: The Mutual Security Act of 1951, as amended, is amended by adding after section 544 the following new section:

"Sec. 545. There is hereby authorized to be appropriated to the President not to exceed \$9,000,000 for contributions during the calendar year 1954 for the support of international children's welfare work in such manner and on such terms and conditions as he may deem to be in the interests of the United States."

SEC. 604. Ocean freight: Section 535 (relating to the payment of ocean freight charges on relief shipments) of the Mutual Security Act of 1951, as amended, is amended by adding at the end thereof the following new sentence: "There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$825,000 for use in paying ocean freight charges under section 117 (c) of the Economic Cooperation Act of 1948, as amended."

SEC. 605. United Nations Korean Reconstruction Agency: Section 303 (a) (relating to Korean relief) of the Mutual Security Act of 1951, as amended, is amended as follows:

(a) Add at the end the following new sentence: "There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$71,000,000 for making contributions to the United Nations Korean Reconstruction Agency."

(b) In the third sentence, strike out "\$67,500,000" and insert in lieu thereof "\$40,750,000."

CHAPTER VII—FURTHER CHANGES IN EXISTING MUTUAL SECURITY LEGISLATION

SEC. 701. Pacific Pact: Section 2 (b) of the Mutual Security Act of 1951, as amended, is amended by adding at the end thereof the following new sentence: "The Congress favors the negotiation of a Pacific Pact, consistent with the provisions of the United Nations Charter, for the common defense of the free peoples of the Far East, south Asia, and the Pacific Ocean area, and the participation therein of the United States."

SEC. 702. Transfers of funds: (a) Section 101 (b) of the Mutual Security Act of 1951, as amended, is amended (1) by striking out "granted pursuant to" both times it appears therein and inserting in lieu thereof "made available under", and (2) by striking "this section" out of the first proviso and inserting in lieu thereof "section 546 of this act."

(b) Section 202 of such act, as amended, is amended by striking out "pursuant to section 201" and inserting in lieu thereof "under section 201."

(c) The first sentence of section 513 (a) of such act, as amended, is amended to read as follows: "Whenever the President determines it to be necessary for the purpose of this act, funds made available under sections 101 (a) (1), 201, 301, and 401 may be transferred among such sections, except that not more than 10 percent of the funds available under any such section may be transferred from that section; and funds made available under sections 101 (a) (2), 203, 302 (a), and 402 may be transferred among such sections, except that not more than 10 percent of the funds available under any such section may be transferred from that section. Funds so transferred shall be consolidated with the funds available under the section to which they are transferred. The determination of amounts authorized to be transferred under this subsection shall be made without reference to any balances of prior appropriations continued available pursuant to section 546 of this act."

SEC. 703. Unexpended balances: The Mutual Security Act of 1951, as amended, is amended by adding after section 545 the following new section:

"UNEXPENDED BALANCES

"Sec. 546. The unexpended balance under each paragraph of title III, Mutual Security, of the Supplemental Appropriation Act, 1953, is hereby authorized to be continued available for its original purposes through June 30, 1954, and may be consolidated with the appropriate fiscal year 1954 appropriation made for the same general purpose under the authority of this act."

SEC. 704. Escapees: Paragraph 101 (a) (1) of title I (relating to Europe) of the Mutual Security Act of 1951, as amended, is amended (1) by deleting the word "similarly" before the word "determined," (2) by inserting "or any Communist-dominated or Communist-occupied areas of Asia" immediately after "Austria" and before "and any other countries absorbed by the Soviet Union", and (3) by striking out "and to the security of the United States" and inserting in lieu thereof "or to the security of the United States".

SEC. 705. Authority for assistance to Korea: The first sentence of section 302 (a) (relating to economic aid and technical assistance) of the Mutual Security Act of 1951, as amended, is amended by striking out "(but not including the Republic of Korea)."

SEC. 706. Title V (relating to organization and general provisions) of the Mutual Security Act of 1951, as amended, is amended as follows:

ity Act of 1951, as amended, is further amended as follows:

(a) Personnel ceiling exemption for new military assistance programs: Amend section 504 (d) (relating to reduction in personnel) to read as follows:

"(d) (1) On and after January 1, 1954, the number of United States citizens employed by the Mutual Security Agency shall be at least 10 percent less than the number employed by the Mutual Security Agency on June 30, 1953.

"(2) Ninety days after the enactment of the Mutual Security Act of 1952, the number of civilian employees who are United States citizens, receiving compensation or allowances from the administrative expense appropriations authorized by this act, employed in the United States and overseas by or assigned to the Mutual Security Agency, or employed by or assigned to the Department of State or the Department of Defense for carrying out programs the appropriations for which are authorized by this act, and the military personnel assigned to such programs, shall be in the aggregate at least 5 percent less than the number so employed or assigned on June 1, 1952, except for such personnel of the Department of Defense engaged in the manufacturing, repair, rehabilitation, packing, handling, crating, or delivery of materiel.

"(3) Ninety days after the enactment of the Mutual Security Act of 1953, the number of civilian employees who are United States citizens, receiving compensation or allowances from the administrative expense appropriations authorized by this act, employed in the United States and overseas by or assigned to the Mutual Security Agency or employed by or assigned to the Department of State or the Department of Defense for carrying out programs the appropriations for which are authorized by this act shall be in the aggregate at least 5 percent less than the number so employed or assigned on January 31, 1953, except for such personnel of the Department of Defense engaged in the manufacturing, repair, rehabilitation, packing, handling, crating, or delivery of materiel.

"(4) After the Director has determined the reduction to be effected in each agency under paragraph (3), the determination as to which individual employee shall be retained shall be made by the head of the agency concerned.

"(5) The Director for Mutual Security shall cause studies to be made from time to time for the purpose of determining whether further reductions in personnel are feasible and consistent with the accomplishment of the purposes of this act.

"(6) After July 1, 1953, the following categories of military personnel carrying out programs under the Mutual Defense Assistance Act of 1949, as amended, shall be in addition to the personnel ceiling established under paragraph (2) of this subsection:

"(A) Military personnel carrying out such programs in the Associated States of Cambodia, Laos, and Vietnam, over and above the number so engaged before July 1, 1953;

"(B) Military personnel carrying out such programs for any countries in which no such programs were in operation on July 1, 1953;

"(C) Military personnel carrying out such programs for international organizations and headquarters established after July 1, 1953."

(b) Special use of funds: Amend section 513 (b) (relating to special use of funds) to read as follows:

"(b) Not more than \$100,000,000 of the funds made available under this act, of which not more than \$20,000,000 may be allocated to any one country, may be used in any fiscal year by the President, to be expended, without regard to the requirements of this act, or any other act for which funds are authorized by this act, in furtherance of the purposes of such acts, when

the President determines that such use is important to the security of the United States. The President shall notify the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives upon making any such determination."

(c) Repeal: Repeal section 516.

(d) Guaranties: Amend section 520 (relating to investment guaranties) to read as follows:

"GUARANTIES"

"SEC. 520. Funds realized from the sales of notes pursuant to section 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, shall be available for making guaranties of investments in accordance with the applicable provisions of sections 111 (b) (3) and 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, in any country with which the United States has agreed to institute the guaranty program, notwithstanding the provisions of section 511 of this act."

(e) Termination of program: Amend section 530 (relating to the expiration of the Mutual Security Program) by striking out "twelve months" and "twelve month" wherever appearing therein and by inserting in lieu thereof "twenty-four months" and "twenty-four-month", respectively.

(f) Underdeveloped areas: Add after section 546 the following new section:

"UNDERDEVELOPED AREAS"

"SEC. 547. Whenever funds are made available under this act for assistance, other than military assistance, to any economically underdeveloped area, such funds may be used under the applicable provisions of section 503 (b) (3) or the applicable provisions of the Act for International Development. Where administrative arrangements, including provisions relating to compensation and allowances of personnel, authorized under section 503 (b) (3), differ from those authorized by the Act for International Development, the Director may make use of arrangements authorized under either statute, in carrying out such programs, except that before extending the provisions of section 109 (a) of the Economic Cooperation Act of 1948, as amended, to countries in which programs authorized under the Act for International Development are being carried out, the Director will secure the approval of the Secretary of State."

(g) Use of local currency:

(1) Strike out the next to the last sentence of section 521 (relating to administrative expenses).

(2) Add after section 547 the following new section:

"UNITED STATES USE OF FOREIGN CURRENCY"

"SEC. 548. (a) The several amounts otherwise authorized by this act to be appropriated are authorized to be increased by amounts which shall not, in the aggregate, exceed \$98,396,000.

"(b) Amounts appropriated pursuant to any authorization contained in this act are authorized to be made available for purchase of foreign currencies (including foreign currencies or credits owed to or owned by the United States): *Provided*, That such currencies or credits are authorized to be made available for use, without reimbursement to the Treasury, for liquidation of obligations legally incurred against such currencies prior to July 1, 1953."

(h) Near East refugees: Add after section 548 the following new section:

"SEC. 549. (a) In order to contribute to the peace and stability of the Near East in particular and of the world in general, the Director for Mutual Security shall, in consultation with the Secretary of State, make a survey of the refugee situation in the Near East and report the results of the survey to the Congress within 90 days after the Mutual Security Act of 1953 is enacted, to-

gether with recommendations for seeking a solution. In the making of such report and recommendations, especial consideration shall be given to a program which would utilize the services and talents of these refugees to develop and expand the resources of the area, including its water resources.

"(b) In carrying out his duties under this section, the Director for Mutual Security shall consult with the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives, and shall keep these committees constantly and fully informed of the action which he takes to carry out the provisions of this section."

SEC. 707. The Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1571-1604), is further amended as follows:

(a) Excess equipment: Immediately before the period in the next to last sentence of section 403 (d) (relating to limitation on furnishing of excess equipment), insert a comma and the following: "and after June 30, 1953, by an additional \$200,000,000."

(b) Sales of military equipment: Amend section 408 (e) by adding at the end thereof the following new paragraph:

"(4) The provisions of section 530 (a) of the Mutual Security Act of 1951 (relating to expiration of program) shall not apply in the case of the transfer, or procurement for transfer, under this subsection, of parts, components, and equipment required for the maintenance or repair of military end items (as referred to in sec. 506 (c) of the Mutual Security Act of 1951) previously supplied under this act or the Mutual Security Act of 1951."

(c) Dependable undertaking procedure: Amend the last sentence of section 408 (e) (2) (relating to sales of military equipment) by striking out "such nation" and by inserting in lieu thereof "such nation, or international military organization or headquarters."

(d) Loans of equipment: Amend section 411 (d) (containing definitions) to read as follows:

"(d) The term 'services' shall include any service, repair, training of personnel, or technical or other assistance or information necessary to effectuate the purposes of this act, including loans of limited quantities of equipment for designated periods solely for test and study purposes."

SEC. 708. The remaining provisions of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1503-1519), are further amended as follows:

(a) Term of guaranties: Amend section 111 (b) (3) (relating to guaranties) by striking out "which guaranties shall terminate not later than 14 years from the date of enactment of this act," and by inserting in lieu thereof "which guaranties shall be limited to terms not exceeding 20 years from the date of issuance."

(b) Guaranties: Amend section 111 (b) (3) (v) (relating to guaranties) by inserting immediately after "participating country" the following: "or by reason of war, revolution, or civil disorder."

(c) Counterpart loans: Amend the last proviso of section 115 (b) (6) (relating to counterpart funds) by striking out "shall be redeposited in such special account," and by inserting in lieu thereof the following: "prior to termination of assistance to such country shall be reused only for such purposes as shall have been agreed to between the country and the Government of the United States."

(d) Use of local currency: Amend section 115 (h) by striking out "including" and inserting in lieu thereof the following: "and, without regard to section 1415 of the Supplemental Appropriations Act, 1953, for."

The CHAIRMAN. The gentleman from Minnesota [Mr. Judd] is recognized.

Mr. JUDD. Mr. Chairman, there are more things that ought to be said here than time will permit. I am sure that when the Committee stops to consider that we are dealing with the second and the sixth largest countries in the world occupying an exceedingly important strategic portion of the earth's surface; when we remember that they are threatened with the fate that has befallen the largest nation in the world, China; when we consider that China is behind the Iron Curtain because we were not far-sighted enough to take in time the measures which might have and many of us believe certainly could have prevented that disaster; when we realize that our own military budget went up from \$15 billion to \$40 billion only when a Communist invasion began in Korea which was made possible only because China had been conquered; when we stop to think how much higher still our military budget would be in the United States if this Indian subcontinent were to fall and we would then have to defend ourselves against Soviet submarine bases in the Indian Ocean that would cut the world in two, cut off Australia and New Zealand, exposing Africa without any defenses on her whole eastern coast, it seems to me we will not vote to cut this amount of special economic assistance for India and Pakistan.

The original program proposed for India alone was \$250 million. That was cut by the Truman administration to \$200 million. After the election, the new administration reduced it to \$140 million. The bill now provides for \$110 million for India—in this and another item—a cut already of 60 percent for a country which is one of the few remaining places in Asia where successful efforts are being made to develop a democratic government, and in that part of the world—the so-called underdeveloped areas—where the Communists have been making greatest progress.

We in the United States might look back upon our own history and consider what would have happened to us if we had not help from other countries, especially France, during our early, struggling years. In consideration of all these factors, I am convinced that it would be shortsighted from every standpoint to reduce the authorizations in this bill for this area.

There is another point to make. Two years ago we appropriated some \$180 million for 2 million tons of wheat for India. The program of development in this bill, coupled with India's own efforts, is almost certain to enable India to bring herself into a position where she will have to import less than half as much grain each year as she has had to import in the past, even in good crop years. The main purpose of the aid is to help her get so that she will not again have to come to the United States for loans or grants for grain, and can have a stable, independent government because the people are a little better off.

As a result of universal use of fertilizers, tube wells, and irrigation projects that have already been started, India should be able to export rice next year for the first time in the history of the

nation. Within 3 or 4 years, at the completion of her 5-year plan, there is reason to believe, and our own experts agree, she will not have to import on the average more than 1 million tons of grain a year as against 4 million tons average in the past.

The aid for Pakistan is of the same kind and for the same purposes. Her basic situation this year is not as favorable as India's. It is all the more important that she have the full amount for this long-term economic and technical aid, as well as a grant of wheat next week for the immediate emergency.

So this is not a case where we throw good money after bad; rather it is to invest good money in such a way that we will not again have to give large amounts for mere relief, or for arms to protect an area too weak to defend itself.

I hope the pending amendment will be defeated.

The CHAIRMAN. All time has expired. The question is on the amendment offered by the gentleman from Michigan [Mr. BENTLEY].

Mr. BENTLEY. Mr. Chairman, I ask unanimous consent that my amendment may be again reported.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. BENTLEY: On page 6, lines 22 and 23, strike out "\$94,400,000" and insert: "\$47,200,000."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. BENTLEY].

The question was taken; and on a division (demanded by Mr. BENTLEY) there were—ayes 79, noes 118.

So the amendment was rejected.

Mr. SMITH of Wisconsin. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Wisconsin: On page 4, line 7, strike out the figure "\$100,000,000" and insert "\$50,000,000."

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield to the gentleman from Indiana.

Mr. HALLECK. First I ask unanimous consent that the request I am about to make shall not come out of the time of the gentleman from Wisconsin.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. HALLECK. Mr. Chairman, I think we can conclude action on this bill this evening. I know many Members are hopeful that we can. Mr. Chairman, in view of that fact I ask unanimous consent that debate on the bill and all amendments thereto close at 7:30.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

Mr. POWELL. Mr. Chairman, reserving the right to object, I would like to inquire how many amendments there are at the desk?

Mr. HALLECK. There are more amendments there than will be offered. A number of them, as has been indicated, will not be offered. I did not discover more than 3 or 4 or 5 that will be offered.

Mr. BUDGE. Further reserving the right to object, Mr. Chairman, may I inquire of the distinguished majority leader or of the Chair what the prerogative of a Member would be now who wanted to offer a motion to recommit?

Mr. HALLECK. Of course, a motion to recommit is in order. That will be in the control of the minority, and what the motion to recommit will be I do not not know. This request would have nothing to do with the motion to recommit.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. SMITH of Wisconsin. Mr. Chairman, I will proceed as rapidly as possible, for I realize that the Members are anxious to get away.

This amendment would provide a reduction of \$50 million in what the bill calls a special weapons provision. Now when this matter was under consideration in the committee there was no testimony to show that there was any specific program involved; in other words, this is what we call in the planning stage; no testimony produced to show that it was to apply on a given set of weapons. It was merely an authorization to proceed in the future with the program. I believe this kind of legislation is certainly in the category of a blank check.

We have the report of the committee with reference to special weapons. The minority members who filed minority views referred to it as a "maybe" item. This is a place, it seems to me, where we can save \$50 million. This committee ought to be interested in reducing this special item from \$100 million to \$50 million without any adverse effort upon the program itself.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield to the gentleman from New York.

Mr. JAVITS. I might say to the gentleman, as the gentleman knows, that it was my motion in the committee which cut this from \$250 million to \$100 million. The reason for the \$100 million, which I would like to explain to the committee, is that this deals with new non-atomic weapons adjusted to particular kinds of terrain, the very kind of situation we found in Korea, where you need to develop new weapons fitting new situations. The idea was to draw on the inventive genius of our allies. It was felt that \$100 million would give them elbow-room to do that, whereas \$50 million would be too limited and \$250 million would be too much.

General Ridgway testified to this at page 431 of the record, and he said:

It seems to me it is very forward thinking and imaginative anticipation of what our needs may be.

Mr. SMITH of Wisconsin. The gentleman from New York did not read the

important part of General Ridgway's testimony, and this was a question by the gentleman from Indiana [Mr. ADAIR]:

There is in this bill an item of \$250 million which we are informed is earmarked for new secret nonatomic weapons.

Do you regard that as an essential item? Would you care to make any comment upon that?

General RIDGWAY. I did not know about that, sir, and I do not yet know.

We are speaking about nonatomic weapons. I dare you to produce here this afternoon any testimony of a plan for this \$100 million.

Mr. JAVITS. Of course General Ridgway would not know. He handles NATO over in Europe, and this is a program which was designed here. Secondly, if we produced the program here this afternoon it would be \$500 million we would be talking about, not \$100 million. This is an opportunity for them to do a job that they feel is urgent.

Mr. SMITH of Wisconsin. This is a NATO program, do not forget that and if special weapons were being considered General Ridgway would know about them. This item cannot be justified under any circumstances.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. FULTON].

Mr. FULTON. Mr. Chairman, I am very glad to cosponsor this amendment offered by my friend the gentleman from Wisconsin [Mr. SMITH]. This amendment should be passed, because there is \$100 million which is unprogramed and unplanned in this bill under the heading of "Special weapons." On the committee level, I, too, had sponsored this amendment cutting this section by the additional \$50 million. We must remember there is submitted as justification, no program or planning for this \$50 million. I think that when we continue in the program under this amendment, as the gentleman from Wisconsin and I do, \$50 million to experiment with on new weapons in a fiscal year, that is enough undesignated authority for planning and experimental purposes abroad. Too much authority will cause loose handling and loose spending of the taxpayers' money.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. SMITH].

The question was taken; and on a division (demanded by Mr. SMITH of Wisconsin and Mr. FULTON) there were—ayes 48, noes 80.

So the amendment was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. JAVITS].

Mr. JAVITS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JAVITS:

On page 15, line 6, strike out all of line 6 and insert the following: "(c) repeal (1) subsection a of section 516 is repealed."

2. Amend subsection (b) of such section by striking out the words "to accomplish the purpose of clause (1) of subsection (a) of this section under" and insert in lieu thereof the word "under."

Mr. JAVITS. Mr. Chairman, this is an amendment which we should have

taken care of in committee, but as we reported the bill out, it could not be done. All it does is restore the stimulation of private enterprise sections to the original legislation which dealt with the fact that our Government departments should endeavor to stimulate the maximum of overseas private investment, and it eliminates the provisions which the committee voted against and which dealt with efforts to stimulate private enterprise in the countries in which we were operating mutual security programs.

The CHAIRMAN. The Chair recognizes the gentleman from Virginia [Mr. HARRISON].

Mr. HARRISON of Virginia. Mr. Chairman, I offer an amendment to the amendment offered by the gentleman from New York.

The Clerk read as follows:

Amendment offered by Mr. HARRISON of Virginia as an amendment to the amendment offered by Mr. JAVITS: On page 15, line 6, insert: "(b) Section 115 (k) of the Economic Cooperation Act of 1948, as amended, is repealed. Nothing in this subsection shall be construed to prevent the carrying out of any commitment or agreement entered into pursuant to said section 115 (k) prior to the date of enactment of this act."

[Mr. HARRISON of Virginia addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia [Mr. HARRISON] to the amendment offered by the gentleman from New York [Mr. JAVITS].

The amendment to the amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. JAVITS] as amended.

The amendment as amended was agreed to.

Mr. MORANO. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MORANO: On page 8, line 18, strike out "\$825,000" and insert in lieu thereof "\$1,825,000."

Mr. MORANO. Mr. Chairman, this increases the authorization \$1 million from \$825,000. It was estimated by the administration that \$1,825,000 would be needed to carry out the provisions of this section.

If this amendment of mine is carried, it will aid the work of the following voluntary nonprofit relief agencies that participate in this program:

American Baptist Relief, American Friends of Austrian Children, American Friends Service Committee, American Jewish Joint Distribution Committee, American ORT Federation, Brethren Service Commission, Church World Service, Congregational-Christian Service Committee, CARE, Foster Parents' Plan for War Children, Greek War Relief Association, International Rescue Committee, Lutheran World Relief, Mennonite Central Committee, Near East Foundation, The Salvation Army, Save the Children Federation, Unitarian Service Committee, United Lithuanian Relief Fund of America, and War Relief Services of National Catholic Welfare Conference.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Connecticut [Mr. MORANO].

The question was taken; and on a division (demanded by Mr. MORANO) there were—ayes 55, noes 55.

Mr. MORANO. Mr. Chairman, I demand tellers.

Tellers were refused.

So the amendment was rejected.

Mr. POWELL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. POWELL: On page 1, line 10, after the word "authorize", insert the following: "Provided, That no country shall receive any assistance under this act that does not permit technical help in the collection of its taxes."

Mr. POWELL. Mr. Chairman, this is an amendment which I offered last year and which was defeated by only a bare score of votes. It merely says this; that we shall not appropriate money from the taxes of the citizens of this Nation to any other nation in the world that does not allow us to give them technical help in the collection of their own taxes. This is due to the fact that everywhere in the world, except England and the Scandinavian countries, taxes are not being collected. They are not being collected because they do not know how.

In all of Italy, only one man, Signor Gaetano Marzotto, paid his taxes, that is, of those in the wealthy upperclass division.

That is not right. It is immoral, it is almost illegal for the American people to pay money to support others when they are not collecting their own taxes.

I ask for a vote in favor of this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. POWELL].

The question was taken; and on a division (demanded by Mr. POWELL) there were—ayes 52, noes 56.

So the amendment was rejected.

Mr. BURDICK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BURDICK: Page 9, line 12, after the semicolon strike out the rest of the paragraph.

Mr. BURDICK. Mr. Chairman, the rest of the paragraph reads:

"The Congress favors the negotiation of a Pacific Pact, consistent with the provisions of the United Nations Charter, for the common defense of the free peoples of the Far East, south Asia, and the Pacific Ocean area, and the participation therein of the United States."

This is a policy, I understand, of course, that we are only spending a billion dollars a month in Korea and in Europe, and that is not quite enough. This is an authorization so you could spend more, so you are going to start a new venture over in the Pacific islands, in the Pacific area. If that is what you want, you just vote for it.

Mr. SIEMINSKI. Mr. Chairman, I offer a perfecting amendment to the section.

The Clerk read as follows:

Amendment offered by Mr. SIEMINSKI as a perfecting amendment to the text of the

bill: Page 9, line 17, after the words "United States", insert "and of other free States having mutual interests in such a pact."

Mr. SIEMINSKI. Mr. Chairman, the purpose of my perfecting amendment is to prevent the United States from being mouse trapped in a Pacific war without immediate or automatic access to or aid from, out-of-Pacific people, areas, or bases from which it might be necessary for us to strike a mortal blow at a Pacific aggressor, no matter who.

The Pacific Pact concept is good. So is the language. But history flies in the face of its limiting language, which makes it possible for America to defend not only the freedom of Pacific people but non-Pacific interests and weath as well.

Today, if a NATO nation is struck, American participation in its defense is automatic. The reverse is not true. Even if our production were seriously sabotaged, the NATO alliance provides no access to member nation production or base facilities from which to destroy the aggressor.

Tomorrow, if a Pacific Pact people, nation, or state were attacked, America, by the language of the bill would come to its aid. The reverse would not be true. Europe and the NATO nations could block off military aid to the Pacific, declare it a limited area, as Korea was so declared, and trade with all comers. A war between Russia and the United States in the Pacific could lock out all Pacific peoples. Europe and NATO could stay neutral—let the two giants bleed each other to death. Let us look at history. Were the Pacific Pact in being in the following years, the United States would or could have been the Patsy and European investments would have been protected with no cost in blood:

1894: Sino-Japanese War. On whose side would we have fought?

1904: Russo-Japanese War. On whose side would we have fought?

1931: Sino-Japanese War. On whose side?

1954: If Russia "Pearl Harbors" Japan, how do we get at Russia? Through Europe? By what treaty?

1955: If Russia bombs the United States over the North Pole, how do we get at her? By what treaty? Will it be a roman-candle affair?

My perfecting words, Mr. Chairman, merely make it possible for Pacific Pact people to make out-of-area arrangements for such emergencies mentioned above.

When all regional pacts are formed, I want to be sure they can be interlaced, just in case the United Nations is shunted off the track, or fails to act as promptly or with more direct aid than it did in Korea.

Mr. JUDD. Mr. Chairman, I would like to speak against the Burdick amendment to strike out section 701 on the Pacific Pact.

There is but one objective involved in that section, and that is an attempt to get those Pacific area countries which we are already helping individually, and others, too, perhaps, to get together on a voluntary basis in order to pool their strength so our aid will be

more effective. There is no question of an increase in appropriation; it is an attempt to get united strength in the Pacific as we have been seeking to get all these years in the North Atlantic.

The CHAIRMAN. The question is on the perfecting amendment offered by the gentleman from New Jersey [Mr. SIEMINSKI].

The amendment was rejected.

The CHAIRMAN. The question recurs on the amendment offered by the gentleman from North Dakota [Mr. BURDICK].

The amendment was rejected.

The CHAIRMAN. Are there further amendments?

Does the gentlewoman from Illinois [Mrs. CHURCH] desire recognition?

Mrs. CHURCH. No, Mr. Chairman.

The CHAIRMAN. Does the gentleman from Indiana [Mr. ADAIR] seek recognition?

Mr. ADAIR. No, Mr. Chairman.

The CHAIRMAN. Does the gentleman from Iowa [Mr. GROSS] desire recognition?

Mr. GROSS. Yes.

The CHAIRMAN. The gentleman is recognized.

Mr. GROSS. Mr. Chairman, in a few moments, perhaps in half an hour or so, the 1954 edition of the foreigner's gravy train will be put on the road by the House of Representatives. Some steam was built up in the boiler a couple of weeks ago when the House passed a bill setting up a fund of \$100 million to guarantee exporters and the big bankers of this country against losses on exports to foreign countries. I hope the gravy train stays on the rails and the foreigners get a good ride.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. KERSTEN].

Mr. KERSTEN of Wisconsin. Mr. Chairman, I take this time to again make a matter of record with regard to that portion of the bill under section 101 (a) (1) which provides for \$100 million to form national military units from escapees from Iron Curtain countries and to aid resistance behind the Iron Curtain which has not been effectively used up to this time but which if properly used by the new administration can spearhead the new foreign policy that everyone in this House wants.

I want to take this time to make it a matter of record that that section was not meant to be just a refugee program. The provisions of the bill are definitely meant to be an aid to resistance behind the Iron Curtain, and to form national military units from those who have escaped from the Iron Curtain countries. If we implement such a policy we will change the policy from the containment policy which the American people discarded last fall when they elected Dwight Eisenhower on the basis of his stand for liberation during the campaign. With the current instances of resistance behind the Iron Curtain which are occurring every day, we should begin to take advantage of these things so that we can press forward with an affirmative policy that will end the stalemate with the Communists in less than a period of 10

or more years, perhaps within a few years if we do it effectively.

The main and primary purpose of this program is, therefore, to form such national military units and to aid resistance to communism behind the Iron Curtain. Allied to this primary and major purpose there is, of course, the secondary and minor purpose of aiding the refugee escapees from Iron Curtain countries.

I want to make it clear that there is no justification for turning this into a mere refugee program which I think it was the disposition of the previous administration to do. And perhaps there are some individuals still in the State Department who would continue it along the lines of only a refugee program because of timidity on the part of some from adopting a real program of liberation which clearly was the intent of Congress. Current events make such a new policy all the more necessary. President Eisenhower has stated clearly that we will not accept the Soviet conquests. Congress and the President agree that we cannot have peace based on a one-half slave, one-half-free world.

The CHAIRMAN. The Chair recognizes the gentleman from Louisiana [Mr. LONG].

Mr. LONG. Mr. Chairman, I realize that the time is about out for debate on this bill. I just want to make one remark: "Consistency, thou art a jewel."

This administration has already taken away from the farmers of this country practically all the aid that they were receiving in money for conservation of their soil, their seed, and so forth. But now they come here today and give large amounts of money away to Pakistan and India to help them buy seed for conservations of their country at the expense of our own farmers in America.

I would like to say to you on the Republican side: Do not take any credit for this measure. This is a Democratic measure. You have joined the Democrats over here. You fought the Truman administration, you said this was bad. Now, you come here today and swallow the Truman recommendation and policy hook, line, and sinker.

I want to warn you when you go home to keep this in mind and I am sure that the voters of America will take care of your political future.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. LAIRD].

Mr. LAIRD. Mr. Chairman, there are authorizations in this bill I, of course, support. In view of the action of the House today in refusing to cut out authorizations in this bill which were not substantiated and for which no plans or programing were presented to the Foreign Affairs Committee, I cannot support the full authorizations in the amount of \$4.9 billion. The Mutual Security Administration has of this date available over \$10 billion in unspent appropriations provided by past sessions of Congress. The committee hearings and the discussion before the Committee of the Whole House today clearly show that this authorization could be cut by \$575 million without damaging our mutual security.

Mr. O'HARA of Illinois. Mr. Chairman, I have refrained from any participation in the debate on the bill before us because the time of the House the better could be given to the distinguished members of the Committee on Foreign Affairs and others of seniority and of great familiarity with the subject. I have followed, however, the debate with great interest and was especially impressed by the clear and cogent reasoning of the masterly address by the No. 2 member of the committee, my dear friend and colleague the gentleman from Illinois [Mr. GORDON]. I was gratified to note the keen attention and the generous applause with which his remarks were received by the House.

Mr. Chairman, I have received many letters from my constituents in the Second District of Illinois on the continued support of the international children's welfare work. On that there is no division of opinion.

The money that we put into arms buys a sense of security, but it is the security of the moment since soon the armament is outmoded and has to be replaced.

The money that we put into the welfare of children, thus assuring in the future a world of friendly and healthy minds, is an investment in permanent peace.

Mr. Chairman, America and the world are looking forward to something better than a race of armaments. The mission of this generation is to attain the goal of a permanent and lasting peace. Let us not take our eyes from that mission and that goal.

We must remain strong to secure ourselves from the aggressions of evil governments. As long as it is necessary in freedom's cause we will meet with all our resources and with willing sacrifices the challenge of aggression.

But, Mr. Chairman, there will be future governments in lands where now we find hostility. There will be future governments in lands where in return for what we have done there should be universal appreciation, but misunderstanding can be fanned by motivated propaganda. There will be future governments in lands where we have fought, in lands that we have invaded, but in true magnanimity of spirit later have sacrificed ourselves to help.

What we do now through the instrumentality of UNICEF can determine the character of those future governments. If we fail to make the most of the opportunity offered us by UNICEF we have missed the boat to the promised land of peace.

This, Mr. Chairman, is the message the men and women of my district hugging Lake Michigan in the south side of Chicago, commission me to bring to the attention of my colleagues.

I am concerned with the amount of the appropriation. I read on page 1175 of the public hearings the testimony of Dr. Eliot that in 1953 UNICEF could not carry out the projects planned without the full contribution of \$16.4 million from the United States. The report of the committee does not make clear to me how \$9 million in 1954 can do the work. I hope that UNICEF, while being

showered with verbal bouquets, is not being made the target of an economy drive which strikes at the very key spot of our crusade for a peaceful world of understanding and brotherhood. The men and women of my district, and I am sure those in every other district in the country, are satisfied that every dollar that goes into UNICEF is well spent. It is a shortsighted policy that would cut the appropriation below the amount necessary to carry on with full efficiency.

Mr. DONOHUE. Mr. Chairman, yesterday I introduced in the House H. R. 5826, a bill to authorize the President to donate surplus Federal property to individuals in a major disaster area. I have asked our Massachusetts Senators and all other Senators and Representatives of disaster areas to introduce companion bills and join with me in pressing for prompt congressional approving action.

Mr. Chairman, along with yourself and all other Members of Congress, I am heartfully concerned over the suffering and hardships being experienced by the tornado disaster victims in my own Massachusetts area and the other unfortunate sections of the country that have so recently been struck by the devastating fury of this terrible freak of nature.

To those who have lost loved ones we can only offer our deepest sympathy and earnest prayers that divine providence will sustain their grief-stricken hearts with the abiding faith and courage necessary to carry on. In several personal inspection trips through my own havoc ridden district, I have been inspired by the valiant determination of our people to immediately start reconstructing their lives and property from practically total destruction.

Ever since the fateful night of Tuesday, June 9, when the fearful tornado suddenly ripped through our Worcester County area, I have been in continuing contact with officials of the Reconstruction Finance Corporation, the Housing the Home Finance Agency, the Farmers' Home Administration, and the Civil Defense Administration. These are the agencies empowered under existing legislation to render prescribed assistance, through State and local governments, to disaster areas when they have been so designated by the President. I can testify that all these authorities are doing everything within their limited power to help our local communities get back to normal operation; their cooperation has been truly splendid.

However, in talking with all the authorities, I have been amazed to find that, while they can assist States and municipalities to restore public functions, they consider themselves powerless to give any direct aid to homeless individuals. They apparently feel current laws do not permit them to do so. Wide publicity is being given to allocations made from the President's disaster fund and pending requests for appropriations of millions of dollars for disaster relief. Yet, few persons seem to realize that even if such funds are approved, they can now only be used for the emergency repair of local public works

and the general welfare. Private and business loans can, of course, be made, at interest, by the RFC, the FHA, and the HHFA to those who can meet the technical financial requirements and after they have been unable to negotiate satisfactorily with their local banks.

Now there are, in my disaster area alone, reportedly hundreds of families who have lost their homes and all household furnishings, with, unfortunately, little insurance recovery. They must still meet the mortgage interest payment on a demolished home, they have practically no financial resources now but the father's weekly pay, and their credit rating, under the circumstances, is very uncertain. While awaiting the long intervening period, if ever, when these distressed families can begin thinking of building or purchasing a new house, a great many of them will undoubtedly desire to keep all members of the family under one roof by renting an unfurnished apartment or flat. They will have little or no money to buy household furnishings after paying the monthly rent. The purpose and thought behind my bill is to enable Federal officials to donate, from Government surplus property, directly to these families, such household articles as kitchen utensils, chairs, tables, cots, mattresses, bureau dressers and other items so essential to renewing normal living conditions.

It seems rather ridiculous to me that we can freely give money and supplies to unfortunate people all over the world, and yet there appears to be no existing legislative authority by which this Government can directly and concretely aid American taxpayers who have lost virtually all they owned in these terrible tornado disasters. Charity is truly a wonderful thing, and I know of no reason why it should not begin at home. I can think of no way in which Government surplus property, which officials tell me is lying around in warehouses, could be put to better use.

Mutual security and economic aid can and should be applied here at home among our own people as well as to those who are alleged to be our allies.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. VORYS].

Mr. VORYS. Mr. Chairman, I yield to the distinguished gentleman from Indiana [Mr. HALLECK] so that he may give us the good news or bad news about the program for next week.

Before doing it, since this is the last time I shall speak on this bill, I want to pay my tribute to the members and staff of our Foreign Affairs Committee; to our chairman, the gentleman from Illinois [Mr. CHIPERFIELD] for his unfailing courtesy and consideration; to our former chairman, and ranking minority member, the gentleman from South Carolina [Mr. RICHARDS], steady and strong, a great man to have with you in a fight; to all the others who have helped put this bill together and helped put it through the House; to Mr. SMITH and the others who signed the minority report, who have expressed themselves with force and sincerity, but always

with courtesy and consideration, and never have resorted to obstructionist tactics; to our staff director, Boyd Crawford and that able, willing, and untiring staff team of Bullock, Westfall, and Kaplan; to the others on the staff who worked so hard.

These are my dear friends. We have labored for weeks together in committee; and for these 2 days on the floor. They have my affection and respect. I feel they deserve the thanks of the House, of the Nation, for their labors and the results we see today.

Mr. HALLECK. Mr. Chairman, it occurred to me that the Members might like to have an announcement of the program for next week before we begin the rollcall, so that as the Members' names are called they will be free to leave.

First of all in announcing these bills, except as to the first ones, the legislative appropriation bill and the District of Columbia bill, I do not intend to indicate they will be called in this particular order. I think also it ought to be said that from here on out to the end of the session, which we hope will be July 31, Members should hold themselves in readiness to be here at any time during the week in order to act on legislation that may be coming along. We have tried, as best we could, as we have gone through the session, to adjust to the personal convenience of the Members, but it looks now as if we are coming to the end of that time. Secondly, it may be that other measures will be reported and rules granted. If that happens and action is to be taken we will let you know as quickly as possible so that you can adjust your affairs accordingly.

For the specific matters that seem to be ready for action next week, on Monday, first of all, we will take up the legislative appropriation bill, and that will be followed by District of Columbia bills which I will list the numbers of in the whip notice. I will not take the time to read the titles now.

May I say that the listing will be for Monday and for the balance of the week, because it is our purpose to get to these bills as quickly as we can.

H. R. 5659, which has to do with wheat for Pakistan; H. R. 5451, which has to do with amending the wheat marketing quotas; H. R. 3203, the trip-leasing bill; H. R. 5728 having to do with the disposal of rubber-producing facilities; and S. 1376, extension of the Housing Act on which there is a deadline.

If the bill is reported and a rule is granted we will expect to call up the extension of the excess-profits tax. Likewise it is possible there may be some resolutions from the Committee on Government Operations having to do with reorganization plans. As we all understand, conference reports are in order at any time. We had hoped that the appropriation bill for the armed services would be ready next week. One of the important members on that subcommittee has been ill and for that reason and for certain other reasons it is probable that the bill will not be ready for next week, but if it should develop that it will

be ready we will let you know as quickly as possible.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. ALLEN of Illinois, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 5710) to amend further the Mutual Security Act of 1951, as amended, and for other purposes, pursuant to House Resolution 292, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not the Chair will put them in gross.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. DORN of South Carolina. Mr. Chairman, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. DORN of South Carolina. I am, Mr. Speaker.

The SPEAKER. The gentleman qualifies.

The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. DORN of South Carolina moves to recommit the bill H. R. 5710 to the Committee on Foreign Affairs.

The SPEAKER. The question is on the motion to recommit.

Mr. SMITH of Wisconsin. On that motion, Mr. Speaker, I demand the yeas and nays.

The yeas and nays were refused.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

Mr. RAYBURN. On that, Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 280, nays 108, answered "present" 1, not voting 41, as follows:

[Roll No. 60]

YEAS—280

Abbutt	Bolton	Chelf
Addonizio	Oliver P.	Chipperfield
Albert	Bonin	Chudoff
Alexander	Bonner	Cole, N. Y.
Allen, Calif.	Bosch	Condon
Allen, Ill.	Boykin	Cooley
Angell	Bramblett	Cooper
Arends	Brooks, Tex.	Corbett
Ashmore	Brown, Ga.	Cotton
Aspinall	Broyhill	Coudert
Auchincloss	Buchanan	Cretella
Ayres	Burleson	Crosser
Bailey	Byrd	Cunningham
Baker	Byrne, Pa.	Curtis, Mass.
Barrett	Byrnes, Wis.	Curtis, Mo.
Bates	Camp	Dague
Battle	Campbell	Davis, Ga.
Becker	Canfield	Dawson, Utah
Bender	Cannon	Deane
Bennett, Fla.	Carnahan	Delaney
Boggs	Carrigg	Dempsey
Boland	Case	Derounian
Bolton	Celler	Devereux
Frances P.	Chatham	Dingell

Dodd
Dollinger
Donohue
Donovan
Dorn, N. Y.
Doyle
Durham
Eberhart
Edmondson
Elliott
Engle
Evins
Fallon
Feighan
Fenton
Fernandez
Fine
Forand
Ford
Forrester
Fountain
Frazier
Frelinghysen
Friedel
Fulton
Gamble
Garmatz
Gary
Gathings
George
Goodwin
Gordon
Granahan
Grant
Green
Gregory
Gubser
Hagen, Calif.
Haley
Halleck
Harden
Hardy
Harris
Harrison, Va.
Hart
Harvey
Hays, Ark.
Hays, Ohio
Hébert
Heller
Heseltun
Hess
Hiestand
Hillelson
Hillings
Hinshaw
Holfield
Holmes
Holt
Holtzman
Hope
Hosmer
Howell
Hyde
Jackson
James
Jarman
Javits
Johnson
Jonas, N. C.

Jones, Ala.
Jones, Mo.
Jones, N. C.
Judd
Karsten, Mo.
Kean
Kearns
Keating
Kelley, Pa.
Kelly, N. Y.
Keogh
Kersten, Wis.
Kilburn
King, Calif.
Klein
Kluczynski
Lane
Lanham
Latham
LeCompte
Lesinski
Lucas
Lyle
McCarthy
McConnell
McCormack
McDonough
McMillan
Madden
Magnuson
Mahon
Mailliard
Marshall
Matthews
Meador
Merrill
Morrow
Metcalf
Miller, Kans.
Miller, Md.
Miller, N. Y.
Mills
Mollohan
Morano
Morgan
Moss
Moulder
Multer
Mumma
Murray
Norblad
Oakman
O'Brien, Ill.
O'Hara, Ill.
O'Neill
Osmers
Ostertag
Patman
Patterson
Pelly
Perkins
Pfost
Pilcher
Pillion
Poage
Poff
Polk
Powell
Price
Preston

NAYS—108

Abernethy	Cole, Mo.	Jonas, Ill.
Adair	Colmer	King, Pa.
Andersen	Coon	Krueger
H. Carl	Crumpacker	Laird
Andresen	Curtis, Nebr.	Landrum
August H.	Davis, Wis.	Long
Andrews	D'Ewart	Lovre
Barden	Dondero	McCulloch
Beamer	Dorn, S. C.	McGregor
Belcher	Dowdy	McVey
Bennett, Mich.	Ellsworth	Mack, Wash.
Bentley	Fisher	Mason
Bentsen	Gavin	Miller, Nebr.
Berry	Gentry	Neal
Betts	Golden	Nelson
Bishop	Graham	Nicholson
Bow	Gross	Norrell
Bray	Hagen, Minn.	O'Brien, Mich.
Brooks, La.	Hand	O'Konski
Brown, Ohio	Harrison, Wyo.	Passman
Brownson	Hill	Reece, Tenn.
Burdick	Hoeven	Reed, Ill.
Busbey	Hoffman, Mich.	Reed, N. Y.
Carlyle	Horan	Rees, Kans.
Chenoweth	Hruska	Robeson, Va.
Church	Hunter	Rogers, Tex.
Clardy	Ikard	Schenck
Clevenger	Jenkins	Scrivner
	Jensen	Secret

Shafer	Thompson, La.	Wharton
Sheehan	Thompson,	Wheeler
Short	Mich.	Whitten
Simpson, Ill.	Van Pelt	Williams, Miss.
Smith, Kans.	Van Zandt	Willis
Smith, Wis.	Velde	Wilson, Ind.
Talle	Vursell	Winstead
Thomas	Weichel	Withrow

ANSWERED "PRESENT"—1

Patten

NOT VOTING—41

Blatnik	Herlong	O'Brien, N.Y.
Bolling	Hoffman, Ill.	O'Hara, Minn.
Buckley	Kearney	Philbin
Bush	Kee	Phillips
Cederberg	Kilday	Radwan
Davis, Tenn.	Kirwan	Regan
Dawson, Ill.	Knox	Rivers
Dies	Lantaff	Scherer
Dolliver	McIntire	Staggers
Fino	Machrowicz	Sutton
Fogarty	Mack, Ill.	Teague
Gwinn	Martin, Iowa	Wigglesworth
Hale	Miller, Calif.	Wolcott
Harrison, Nebr.	Morrison	

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Dies for, with Mr. Patten against.
Mr. Kearney for, Mr. Cederberg against.
Mr. Miller of California for, Mr. Dolliver against.

Mr. Machrowicz for, Mr. Radwan against.
Mr. Herlong for, Mr. Hoffman of Illinois against.

Until further notice:

Mr. Scherer with Mr. Lantaff.
Mr. Wolcott with Mr. Morrison.
Mr. Wigglesworth with Mrs. Kee.
Mr. Knox with Mr. Kirwan.
Mr. McIntire with Mr. O'Brien of New York.
Mr. Martin of Iowa with Mr. Philbin.
Mr. Phillips with Mr. Rivers.
Mr. Harrison of Nebraska with Mr. Staggers.
Mr. Hale with Mr. Blatnik.
Mr. Gwinn with Mr. Fogarty.
Mr. Fino with Mr. Mack of Illinois.
Mr. Bush with Mr. Bolling.
Mr. O'Hara of Minnesota with Mr. Buckley.

Mr. PATTEN. Mr. Speaker, I have a live pair with the gentleman from Texas, Mr. DIES. If he were present he would have voted "yea." I voted "nay." I withdraw my vote and vote "present."

Mr. WINSTEAD changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND
REMARKS

Mr. VORYS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed, H. R. 5710.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

INTERSTATE COMMERCE ACT

Mr. WOLVERTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 2347) to permit continued exercise, until 6 months after termination of the national emergency proclaimed December 16, 1950, of certain powers, relating to preferences or priorities in the transportation of

traffic, under sections 1 (15) and 420 of the Interstate Commerce Act, with Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, line 4, after "p. 71", insert "or until such earlier date as the Congress by concurrent resolution declares that it is no longer necessary to exercise the powers continued in force and effect by this act."

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The Senate amendment was concurred in.

The title was amended so as to read: "An act to permit continued exercise until 6 months after termination of the national emergency proclaimed December 16, 1950, or until such earlier date as may be established by concurrent resolution of Congress, of certain powers, relating to preferences or priorities in the transportation of traffic, under sections 1 (15) and 420 of the Interstate Commerce Act."

A motion to reconsider was laid on the table.

SECOND INDEPENDENT OFFICES
APPROPRIATION BILL

(Mr. CRETILLA asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. CRETILLA. Mr. Speaker, yesterday when the House voted on H. R. 5690, a bill making appropriations for independent bureaus and including the veterans' organization, I voted in favor of the Van Zandt amendment and also in favor of the Adair amendment, both of which dealt with the elimination from the bill that portion thereof dealing with non-service-connected disabilities and the authority of the Administrator of Veterans' Affairs to investigate any non-service-connected veterans' statements of inability to defray the cost of hospitalization, where reason existed to doubt the accuracy of such statement.

By reason in voting in favor of these amendments was based primarily on the fact, that in my opinion, it is legislation in an appropriation bill which is not the proper place for it.

It was suggested and stated from the floor that the Committee on Veterans' Affairs intended to take some action of its own on this issue and bring out a bill dealing with the problem of hospitalization to the non-service-connected disabled veterans.

After the vote on this bill, I had occasion to discuss the problem with several members of that committee and I am pleased to report that I was informed by the gentlewoman from Massachusetts [Mrs. ROGERS], chairman of the committee, that the Subcommittee on Hospitals, of which the distinguished gentleman from New York, General KEARNEY, is chairman, and of which committee I am a member, that hearings will be held on this matter commencing July 8.

I make this statement at this time because I heard rumblings yesterday that this committee would take no action after yesterday's vote. I am sure the subcommittee will give this matter very serious and careful scrutiny and we are hopeful that after such hearings a report can be made on which the House can then act on legislation properly presented and not appended to an appropriation bill.

ADJOURNMENT UNTIL MONDAY

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at noon on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

DISPENSING WITH CALENDAR
WEDNESDAY

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that the business in order on Calendar Wednesday of next week be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

TEXAS CITY DISASTER CASE

(Mr. THOMPSON of Texas (at the request of Mr. PATMAN) was given permission to extend his remarks at this point in the RECORD.)

Mr. THOMPSON of Texas. Mr. Speaker, in 1947, when what is now known as the Mutual Security Agency was beginning to function, the United States, as a part of the program, undertook to ship a chemical to the people of France. It was a product which was highly explosive. It was made by the Government in munitions plants. The original patent, held by the Hercules Powder Co., was for a blasting explosive. After the war, the patented product was found to be useful as a fertilizer, and it was for this purpose that it was being shipped to France.

This chemical had been stored in warehouses on the Texas City docks for some months pending availability of ships to transport it. On April 16, 1947, two ships were being loaded with this chemical in the port of Texas City. At approximately 9 in the morning, 1 of the ships exploded. Shortly after midnight, the second ship exploded. More than 560 persons perished, and some 3,000 were injured. The entire dock area of the thriving port was leveled, and property damage ran into millions of dollars. A substantial portion of the business district was destroyed or severely damaged. A great many residences, some located at considerable distances from the docks, were destroyed and many others badly damaged. Parts of the ships were blown as far as 6 miles.

The force of the explosion was felt 75 miles away. Windows in Galveston, 10 miles across the bay, were broken and

buildings were shaken as in an earthquake.

This was a man-made disaster; it was in no sense an act of God. The fertilizer had been manufactured in Government-owned plants at the Government's order and to its specifications. It was being shipped at its direction as part of its program of foreign aid. The disaster was caused by forces set in motion by the Government, completely controlled or controllable by it. Its causative factors were far beyond the knowledge of control of the victims; they were not only incapable of contributing to it, but could not even take shelter or flight from it.

Had the chemical manufacturer and shipper been such a firm as Dupont, or Hercules, there would have been no question of their liability and those who had suffered in the explosions on April 16 and 17, 1947, would have long since been in and out of the courts with appropriate relief. In the Texas city case, it was to the Government of the United States that the injured had to appeal for relief.

Over 300 suits were brought against the United States under the Federal Tort Claims Act, alleging that its negligence was responsible for the disaster. After consolidating the suits, the district court ordered the case of the petitioners to be tried. The parties to all of the suits, in effect, agreed that the common issue of the Government's negligence should abide the outcome of this test litigation. The Court of Appeals for the Fifth Circuit reversed the trial court's judgment in favor of the petitioners.

The case was then appealed to the Supreme Court. On June 8, 1953, the Supreme Court, in a 4-to-3 decision, sustained the decision of the circuit court.

In the majority opinion, it was stated:

This is for the reason that as a matter of law, the facts found cannot give the district court jurisdiction of the case under the Tort Claims Act.

All courts accepted the findings of negligence of the United States district judge.

Since the Tort Claims Act does not apply, it is now necessary for the injured to seek relief from the Congress. With this in mind, I have introduced House Resolution 296 calling for an appropriate committee to make a full and complete investigation and study of the merits of all claims against the United States for compensation for property damage, personal injuries and death alleged to have been caused by the explosions which occurred at Texas City, Tex., on April 16 and 17, 1947.

It is worthy of mention as the Congress takes action on the current mutual-security bill that the explosion occurred because the United States was sending assistance to the people of France. The French had suffered a disaster through the ravages of the war. They have long since been granted every possible assistance by the United States. There still remains the obligation, legal and moral, for the United States to grant relief to its own people who were killed, injured, and damaged in the course of the granting of relief to the people of France.

BELGIAN LETTER OF APPRECIATION

The SPEAKER laid before the House the following communication which was read:

JUNE 18, 1953.

The Honorable JOSEPH W. MARTIN, Jr.,
Speaker of the House of Representatives.

MY DEAR MR. SPEAKER: On February 12, 1953, the House considered and agreed to Senate Concurrent Resolution No. 12 "That the Congress on behalf of the people of the United States expresses its deep sympathy, affection, and concern for the peoples of the Netherlands, the United Kingdom, and Belgium, whose countries have been ravaged by disaster, its admiration for their courage in adversity, and its hope for the early restoration of their homes and livelihoods." At the direction of the Secretary of State, signed originals of Senate Concurrent Resolution No. 12 were presented by the American Ambassador at The Hague, London, and Brussels to the appropriate officials of the Governments of the Netherlands, the United Kingdom, and Belgium.

In my letter to you of March 24, 1953, I transmitted the statement of the Chief of Protocol of the Belgian Ministry of Foreign Affairs that he had forwarded Concurrent Resolution No. 12 to the President of the Belgian Chamber of Representatives. The following letter has been received from the President of the Chamber to our Ambassador in Brussels:

"Mr. AMBASSADOR: The Minister of Foreign Affairs has transmitted to me the text of the resolution adopted on February 12, 1953, by the Senate and the House of Representatives of the United States of America, on the occasion of the damage caused by the floodtide on February 1, 1953.

"I have the honor to ask you kindly to express to the President of the Senate and the Speaker of the House my sincere thanks, together with the thanks of the members of the Chamber of Representatives, who have been particularly appreciative of these marks of sympathy and friendship.

"Please accept, Mr. Ambassador, the assurance of my very high consideration.

"The President:

"F. VAN CAUWELAERT."

The Department is pleased to transmit this response from the Belgian Government.

Sincerely yours,

THRUSTON B. MORTON,

Assistant Secretary

(For the Secretary of State).

AIR FORCE BUDGET

The SPEAKER. Under previous order of the House, the gentleman from Illinois [Mr. PRICE] is recognized for 30 minutes.

Mr. PRICE. Mr. Speaker, despite my strong personal admiration for my friend and colleague from Illinois [Mr. ARENDS], I find myself constrained to challenge statements made in his speech on June 11 in favor of the proposed reduction in the Air Force budget. The basis of the argument seemed to be that there is no man in America better qualified to make such a decision than President Eisenhower. The President's experience in military affairs is unquestioned. By the very nature of his experience, he is undoubtedly well equipped to consider the problems of our Nation's security.

National security, however, concerns all of us. Every man, woman, and child in the United States, as well as every Member in Congress, as well as the President of the United States himself. If we are to sit back and adopt the

philosophy of papa knows best, we are failing in our duties as American citizens; we are failing in our duties as representatives of the American people. It is a fundamental principle of our democratic system that the Congress should pass the necessary laws to provide for the common defense and to promote the general welfare. Although the Constitution designates the President as Commander in Chief of the Army and the Navy, we Members of Congress cannot ignore our responsibility in playing a part in shaping our Nation's military-security policy.

If we are to follow the philosophy that papa knows best, there is no need for Congress. If we are to accept without question the President's recommendations in the field of military policy, there is no point in our even considering an appropriations bill for the military services. If we are to accept this philosophy, we might as well put our rubber-stamp on the bill and go home.

I do not mean in any way to question the President's expert knowledge in the field of military affairs. We must remember, however, that the experts have been wrong in the past. I do not mean that we should ignore any recommendations which the President might see fit to make. I do insist, however, that the Congress of the United States should not accept the recommendations of any mortal man without question.

Let us look at the facts as they have been presented to us. Let us base our decisions on the facts rather than on opinion. Let us not give up the basic American principle that open, honest debate rather than appeals to authority will result in the best decision for the greatest number of people.

Let us take a look then at the facts which my friend and colleague from Illinois uses to justify a reduction in the Air Force budget for next year.

First he points out that a cut of \$5 billion in appropriations does not mean a reduction in our country's airpower. Startling as it may seem, this fact is true. The Wilson budget does not, in fact, call for a reduction in our country's existing airpower. It calls for a reduction from the air strength which we planned to achieve in 1954, in 1955, in 1956. It is a reduction from the goals which were established as necessary to provide the minimum airpower for our Nation's security.

The gentleman from Illinois goes on to point out that "The United States Air Force is just one part or one phase of our airpower." No responsible man could disagree with this statement. On the other hand, it seems obvious that, if the United States Air Force is to be cut from its planned goals, our total airpower is to be cut from its planned goals, unless there is a corresponding increase in some other phase of our airpower. Since the present budget calls for a small cut in the naval air arm, as well as a large cut in the United States Air Force's appropriations, it is obvious that the sum of our airpower is being held back.

The argument for the budget cut goes on to point out that the Nation's commercial airpower, as well as our industrial might and our manpower and ma-

Calendar No. 452

83D CONGRESS
1ST SESSION

H. R. 5710

IN THE SENATE OF THE UNITED STATES

JUNE 22 (legislative day, JUNE 8), 1953

Read twice and ordered to be placed on the calendar

AN ACT

To amend further the Mutual Security Act of 1951, as amended,
and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Mutual Security Act
4 of 1953".

5 CHAPTER I—MILITARY ASSISTANCE

6 SEC. 101. AUTHORIZATION OF APPROPRIATION.—

7 The Mutual Security Act of 1951, as amended, is amended by
8 adding at the end thereof the following new section:

9 "AUTHORIZATION OF APPROPRIATIONS

10 "SEC. 540. There is hereby authorized to be appro-
11 priated to the President for the fiscal year 1954 not to

1 exceed \$2,079,689,870 to be available under section 101
 2 (a) (1) (relating to military assistance for Europe),
 3 of which not less than 50 per centum shall be made available
 4 only for the organization referred to in clause (C) of section
 5 2 (b) ; \$305,212,637 to be available under section 201 (re-
 6 lating to military assistance for the Near East and Africa) ;
 7 \$1,081,620,493 to be available under section 301 (relating
 8 to military and other assistance for Asia and the Pacific) ;
 9 and \$15,000,000 to be available under section 401 (relating
 10 to military assistance for Latin America).”

11 CHAPTER II—MUTUAL DEFENSE FINANCING

12 SEC. 201. AUTHORIZATION OF APPROPRIATIONS.—

13 (a) The Mutual Security Act of 1951, as amended, is
 14 amended by adding after section 540 the following new
 15 section:

16 “SEC. 541. There is hereby authorized to be appro-
 17 priated to the President for the fiscal year 1954 not to
 18 exceed \$200,000,000 to carry out the provisions of section
 19 101 (a) (2) (relating to defense support and economic
 20 assistance for Europe), and not to exceed \$84,000,000 to
 21 carry out the provisions of section 302 (a) (relating to
 22 defense support, economic and technical assistance) for the
 23 National Government of the Republic of China and the
 24 Associated States of Cambodia, Laos, and Vietnam.”

1 (b) Such Act, as amended, is further amended by in-
2 serting after section 101 the following new section:

3 “SEC. 102. There is hereby authorized to be appro-
4 priated to the President for the fiscal year 1954, to be
5 made available on such terms and conditions (including
6 transfer of funds) as he may specify, (1) not to exceed
7 \$100,000,000 for manufacture in France of artillery, am-
8 munition, and semiautomatic weapons required by French
9 forces for the defense of the North Atlantic area, and (2)
10 not to exceed \$100,000,000 for manufacture in the United
11 Kingdom of military aircraft required by United Kingdom
12 forces for the defense of the North Atlantic area.”

13 (c) Such Act, as amended, is further amended by in-
14 serting after section 303 the following new section:

15 “SEC. 304. There is hereby authorized to be appro-
16 priated to the President for the fiscal year 1954, to be
17 made available on such terms and conditions (including
18 transfer of funds) as he may specify, not to exceed \$400,-
19 000,000 for the procurement of equipment, materials, and
20 services (as defined in section 411 of the Mutual Defense
21 Assistance Act of 1949, as amended) which are required
22 by and are made available to, or are necessary for the sup-
23 port of, the forces of the Associated States of Cambodia,
24 Laos, and Vietnam and the forces of France located in such

1 Associated States. It is the intention of Congress where
 2 feasible under this Act, that the Act shall be so administered
 3 that surplus foods, grains and commodities now or hereafter
 4 held by the United States Government shall be substituted
 5 for other forms of economic aid specified in this Act, and
 6 shall be paid for out of funds herein authorized.”

7 CHAPTER III—MUTUAL SPECIAL WEAPONS PLANNING

8 SEC. 301. AUTHORIZATION OF APPROPRIATION.—

9 The Mutual Security Act of 1951, as amended, is amended
 10 by adding after section 541 the following new section:

11 “SEC. 542. There is hereby authorized to be appro-
 12 priated to the President for the fiscal year 1954 not to exceed
 13 \$100,000,000 for the purpose of furnishing special weapons
 14 to nations eligible to receive military assistance under this
 15 Act or to the international organizations referred to in section
 16 2 (b) (A) and 2 (b) (C) of this Act: *Provided*, That,
 17 prior to the obligation of funds for this purpose, the President
 18 shall determine that such obligation is of direct importance
 19 to the security interest of the United States and is in further-
 20 ance of the policies and purposes of the Mutual Defense
 21 Assistance Act of 1949, as amended: *And provided further*,
 22 That, prior to the transfer of such weapons, the President
 23 shall determine (1) that the recipient is adequately prepared
 24 to safeguard the security of such weapons; (2) that the
 25 transfer of such weapons will be of direct importance to the

1 security interest of the United States; and (3) that such
2 transfer will further the purposes and policies of the Mutual
3 Defense Assistance Act of 1949, as amended. Nothing con-
4 tained in this section shall alter, amend, revoke, repeal, or
5 otherwise affect the provisions of any law restricting, limit-
6 ing, or prohibiting the transfer of any such weapons. Not-
7 withstanding any other provisions of this Act, funds made
8 available pursuant to this section may be used only for the
9 purpose of this section.”

10 CHAPTER IV—TECHNICAL ASSISTANCE

11 SEC. 401. AUTHORIZATION OF APPROPRIATION.—The
12 Mutual Security Act of 1951, as amended, is amended by
13 adding after section 542 the following new section:

14 “SEC. 543. There is hereby authorized to be appropri-
15 ated to the President for the fiscal year 1954 not to exceed
16 \$43,792,500 to carry out the provisions of section 203
17 (relating to economic and technical assistance for the Near
18 East and Africa) ; \$72,100,000 to carry out the provisions
19 of section 302 (a) (relating to defense support, economic
20 and technical assistance) other than for the National Gov-
21 ernment of the Republic of China and the Associated States
22 of Cambodia, Laos, and Vietnam; and \$24,342,000 to carry
23 out the provisions of section 402 (relating to technical as-
24 sistance for Latin America).”

1 CHAPTER V—SPECIAL REGIONAL ECONOMIC ASSISTANCE

2 SEC. 501. NEAR EAST AND AFRICA.—Section 206
3 (relating to refugees) of the Mutual Security Act of 1951,
4 as amended, is amended to read as follows:

5 “SEC. 206. In order to further the purpose of this Act
6 in the Near East and Africa, there is hereby authorized to
7 be appropriated to the President for the fiscal year 1954
8 not to exceed \$194,000,000 to be used, on such terms and
9 conditions as he may specify, to furnish special economic
10 assistance designed to promote the economic development of
11 the area, for relief and rehabilitation of refugees in the area,
12 and for other types of economic assistance to assist in main-
13 taining economic and political stability in the area. The
14 applicable provisions of the Act for International Develop-
15 ment (64 Stat. 204; 22 U. S. C. 1557), except the pro-
16 visions relating to the purpose for which assistance may be
17 given, or of section 503 (b) (3) of this Act, shall apply to
18 the expenditure of funds pursuant to this section to the extent
19 that they are not inconsistent with the purposes of this
20 section.”

21 SEC. 502. INDIA AND PAKISTAN.—Section 302 (re-
22 lating to economic and technical assistance for Asia and the
23 Pacific) of the Mutual Security Act of 1951, as amended,
24 is amended by redesignating subsection (b) as subsection

1 (c), and by inserting after subsection (a) the following
2 new subsection (b) :

3 “(b) In order to further the purpose of this Act in India
4 and Pakistan, there is hereby authorized to be appropriated
5 to the President for the fiscal year 1954 not to exceed \$94,-
6 400,000 to be used, on such terms and conditions as he may
7 specify (which shall include conditions and assurances to
8 enable the countries designated in this subsection to make
9 greater progress toward solving their mutual problems in
10 cooperation with each other), to furnish special economic
11 assistance designed to promote the economic development
12 of such countries, and to assist in maintaining economic and
13 political stability therein. The applicable provisions of the
14 Act for International Development, except the provisions
15 relating to the purpose for which assistance may be given,
16 or of section 503 (b) (3) of this Act, shall apply to the
17 expenditure of funds pursuant to this section to the extent
18 that they are not inconsistent with the purposes of this
19 section.”

20 CHAPTER VI—MULTILATERAL ORGANIZATIONS

21 SEC. 601. MOVEMENT OF MIGRANTS.—Section 534
22 (relating to the movement of migrants) of the Mutual
23 Security Act of 1951, as amended, is amended by adding at
24 the end thereof the following new sentence: “There is hereby

1 authorized to be appropriated to the President not to exceed
2 \$10,000,000 for contributions during the calendar year 1954
3 to the Intergovernmental Committee for European Migra-
4 tion.”

5 SEC. 602. MULTILATERAL TECHNICAL COOPERA-
6 TION.—The Mutual Security Act of 1951, as amended, is
7 amended by adding after section 543 the following new
8 section:

9 “SEC. 544. There is hereby authorized to be appro-
10 priated to the President for the fiscal year 1954 not to exceed
11 \$13,750,000 for multilateral technical cooperation under sec-
12 tion 404 (b) of the Act for International Development.”

13 SEC. 603. CHILDREN’S WELFARE.—The Mutual Security
14 Act of 1951, as amended, is amended by adding after section
15 544 the following new section:

16 “SEC. 545. There is hereby authorized to be appropriated
17 to the President not to exceed \$9,000,000 for contributions
18 during the calendar year 1954 for the support of interna-
19 tional children’s welfare work in such manner and on such
20 terms and conditions as he may deem to be in the interests
21 of the United States.”

22 SEC. 604. OCEAN FREIGHT.—Section 535 (relating to
23 the payment of ocean freight charges on relief shipments)
24 of the Mutual Security Act of 1951, as amended, is amended
25 by adding at the end thereof the following new sentence:

1 “There is hereby authorized to be appropriated to the Presi-
2 dent for the fiscal year 1954 not to exceed \$825,000 for
3 use in paying ocean freight charges under section 117 (c)
4 of the Economic Cooperation Act of 1948, as amended.”

5 SEC. 605. UNITED NATIONS KOREAN RECONSTRUC-
6 TION AGENCY.—Section 303 (a) (relating to Korean relief)
7 of the Mutual Security Act of 1951, as amended, is amended
8 as follows:

9 (a) Add at the end the following new sentence:
10 “There is hereby authorized to be appropriated to the
11 President for the fiscal year 1954 not to exceed \$71,000,000
12 for making contributions to the United Nations Korean
13 Reconstruction Agency.”

14 (b) In the third sentence, strike out “\$67,500,000”
15 and insert in lieu thereof “\$40,750,000”.

16 CHAPTER VII—FURTHER CHANGES IN EXISTING
17 MUTUAL SECURITY LEGISLATION

18 SEC. 701. PACIFIC PACT.—Section 2 (b) of the Mutual
19 Security Act of 1951, as amended, is amended by adding
20 at the end thereof the following new sentence: “The Con-
21 gress favors the negotiation of a Pacific Pact, consistent with
22 the provisions of the United Nations Charter, for the com-
23 mon defense of the free peoples of the Far East, South Asia,
24 and the Pacific Ocean area, and the participation therein of
25 the United States.”

1 SEC. 702. TRANSFERS OF FUNDS.—(a) Section 101
2 (b) of the Mutual Security Act of 1951, as amended, is
3 amended (1) by striking out “granted pursuant to” both
4 times it appears therein and inserting in lieu thereof “made
5 available under”, and (2) by striking “this section” out of
6 the first proviso and inserting in lieu thereof “section 546
7 of this Act”.

8 (b) Section 202 of such Act, as amended, is amended
9 by striking out “pursuant to section 201” and inserting in
10 lieu thereof “under section 201”.

11 (c) The first sentence of section 513 (a) of such Act,
12 as amended, is amended to read as follows: “Whenever the
13 President determines it to be necessary for the purpose of
14 this Act, funds made available under sections 101 (a) (1),
15 201, 301, and 401 may be transferred among such sections,
16 except that not more than 10 per centum of the funds avail-
17 able under any such section may be transferred from that
18 section; and funds made available under sections 101 (a)
19 (2), 203, 302 (a), and 402 may be transferred among
20 such sections, except that not more than 10 per centum of
21 the funds available under any such section may be transferred
22 from that section. Funds so transferred shall be consoli-
23 dated with the funds available under the section to which
24 they are transferred. The determination of amounts author-
25 ized to be transferred under this subsection shall be made

1 without reference to any balances of prior appropriations
2 continued available pursuant to section 546 of this Act.”

3 SEC. 703. UNEXPENDED BALANCES.—The Mutual
4 Security Act of 1951, as amended, is amended by adding
5 after section 545 the following new section:

6 “UNEXPENDED BALANCES

7 “SEC. 546. The unexpended balance under each para-
8 graph of title III, Mutual Security, of the Supplemental
9 Appropriation Act, 1953, is hereby authorized to be con-
10 tinued available for its original purposes through June 30,
11 1954, and may be consolidated with the appropriate fiscal
12 year 1954 appropriation made for the same general purpose
13 under the authority of this Act.”

14 SEC. 704. ESCAPEES.—Paragraph 101 (a) (1) of title
15 I (relating to Europe) of the Mutual Security Act of 1951, as
16 amended, is amended (1) by deleting the word “similarly”
17 before the word “determined”, (2) by inserting “or any
18 Communist-dominated or Communist-occupied areas of Asia”
19 immediately after “Austria” and before “and any other
20 countries absorbed by the Soviet Union”, and (3) by strik-
21 ing out “and to the security of the United States” and insert-
22 ing in lieu thereof “or to the security of the United States”.

23 SEC. 705. AUTHORITY FOR ASSISTANCE TO KOREA.—
24 The first sentence of section 302 (a) (relating to economic
25 aid and technical assistance) of the Mutual Security Act of

1 1951, as amended, is amended by striking out “(but not
2 including the Republic of Korea)”.

3 SEC. 706. Title V (relating to organization and general
4 provisions) of the Mutual Security Act of 1951, as amended,
5 is further amended as follows:

6 (a) PERSONNEL CEILING EXEMPTION FOR NEW MILI-
7 TARY ASSISTANCE PROGRAMS.—Amend section 504 (d)
8 (relating to reduction in personnel) to read as follows:

9 “(d) (1) Ninety days after the enactment of the Mutual
10 Security Act of 1952, the number of civilian employees who
11 are United States citizens, receiving compensation or allow-
12 ances from the administrative expense appropriations au-
13 thorized by this Act, employed in the United States and
14 overseas by or assigned to the Mutual Security Agency, or
15 employed by or assigned to the Department of State or the
16 Department of Defense for carrying out programs the
17 appropriations for which are authorized by this Act, and
18 the military personnel assigned to such programs, shall be
19 in the aggregate at least 5 per centum less than the number
20 so employed or assigned on June 1, 1952, except for such
21 personnel of the Department of Defense engaged in the
22 manufacturing, repair, rehabilitation, packing, handling, crat-
23 ing, or delivery of materiel.

24 “(2) Ninety days after the enactment of the Mutual
25 Security Act of 1953, the number of civilian employees who

1 are United States citizens, receiving compensation or allow-
2 ances from the administrative expense appropriations author-
3 ized by this Act, employed in the United States and over-
4 seas by or assigned to the Director for Mutual Security or the
5 Mutual Security Agency or employed by or assigned to the
6 Department of State or the Department of Defense and other
7 participating agencies for carrying out programs the appro-
8 priations for which are authorized by this Act shall be in the
9 aggregate at least 10 per centum less than the number so
10 employed or assigned to comparable positions on January
11 31, 1953, except for such personnel of the Department of
12 Defense engaged in the manufacturing, repair, rehabilitation,
13 packing, handling, crating, or delivery of materiel.

14 “(3) After the Director has determined the reduction
15 to be effected in each agency under paragraph (3), the
16 determination as to which individual employee shall be re-
17 tained shall be made by the head of the agency concerned.

18 “(4) The Director for Mutual Security shall cause
19 studies to be made from time to time for the purpose of de-
20 termining whether further reductions in personnel are feasible
21 and consistent with the accomplishment of the purposes of
22 this Act.

23 “(5) After July 1, 1953, the following categories of
24 military personnel carrying out programs under the Mutual
25 Defense Assistance Act of 1949, as amended, shall be in

1 addition to the personnel ceiling established under paragraph
2 (2) of this subsection:

3 “(A) Military personnel carrying out such pro-
4 grams in the Associated States of Cambodia, Laos, and
5 Vietnam, over and above the number so engaged before
6 July 1, 1953,

7 “(B) Military personnel carrying out such pro-
8 grams for any countries in which no such programs were
9 in operation on July 1, 1953,

10 “(C) Military personnel carrying out such pro-
11 grams for international organizations and headquarters
12 established after July 1, 1953.”

13 (b) SPECIAL USE OF FUNDS.—Amend section 513 (b)
14 (relating to special use of funds) to read as follows:

15 “(b) Not more than \$100,000,000 of the funds made
16 available under this Act, of which not more than \$20,000,000
17 may be allocated to any one country, may be used in any
18 fiscal year by the President, to be expended, without regard to
19 the requirements of this Act, or any other Act for which funds
20 are authorized by this Act, in furtherance of the purposes of
21 such Acts, when the President determines that such use is
22 important to the security of the United States. The President
23 shall notify the Committee on Foreign Relations of the Senate
24 and the Committee on Foreign Affairs of the House of Repre-
25 sentatives upon making any such determination.”

1 (c) REPEAL.—(1) Subsection (a) of section 516 is
2 repealed.

3 (2) Amend subsection (b) of such section by striking
4 out the words “to accomplish the purpose of clause (1)
5 of subsection (a) of this section, under” and inserting in lieu
6 thereof the word “Under”.

7 (3) Section 115 (k) of the Economic Cooperation
8 Act of 1948, as amended, is repealed. Nothing in this
9 subsection shall be construed to prevent the carrying out
10 of any commitment or agreement entered into pursuant to
11 said section 115 (k) prior to the date of enactment of this
12 Act.

13 (d) GUARANTIES.—Amend section 520 (relating to
14 investment guaranties) to read as follows:

15 “GUARANTIES

16 “SEC. 520. Funds realized from the sales of notes pur-
17 suant to section 111 (c) (2) of the Economic Cooperation
18 Act of 1948, as amended, shall be available for making
19 guaranties of investments in accordance with the applicable
20 provisions of sections 111 (b) (3) and 111 (c) (2) of
21 the Economic Cooperation Act of 1948, as amended, in any
22 country with which the United States has agreed to institute
23 the guaranty program, notwithstanding the provisions of
24 section 511 of this Act.”

25 (e) TERMINATION OF PROGRAM.—Amend section

1 530 (relating to the expiration of the Mutual Security
2 Program) by striking out “twelve months” and “twelve-
3 month” wherever appearing therein, and by inserting in lieu
4 thereof “twenty-four months” and “twenty-four-month”,
5 respectively.

6 (f) UNDERDEVELOPED AREAS.—Add after section 546
7 the following new section:

8 “UNDERDEVELOPED AREAS

9 “SEC. 547. Whenever funds are made available under
10 this Act for assistance, other than military assistance, to any
11 economically underdeveloped area, such funds may be used
12 under the applicable provisions of section 503 (b) (3) or
13 the applicable provisions of the Act for International De-
14 velopment. Where administrative arrangements, including
15 provisions relating to compensation and allowances of per-
16 sonnel, authorized under section 503 (b) (3), differ from
17 those authorized by the Act for International Development,
18 the Director may make use of arrangements authorized under
19 either statute, in carrying out such programs, except that
20 before extending the provisions of section 109 (a) of the
21 Economic Cooperation Act of 1948, as amended, to countries
22 in which programs authorized under the Act for Inter-
23 national Development are being carried out, the Director
24 will secure the approval of the Secretary of State.”

1 (g) USE OF LOCAL CURRENCY.—

2 (1) Strike out the next to the last sentence of section
3 521 (relating to administrative expenses).

4 (2) Add after section 547 the following new section:

5 “UNITED STATES USE OF FOREIGN CURRENCY

6 “SEC. 548. (a) The several amounts otherwise author-
7 ized by this Act to be appropriated are authorized to be
8 increased by amounts which shall not, in the aggregate,
9 exceed \$98,396,000.

10 “(b) Amounts appropriated pursuant to any authoriza-
11 tion contained in this Act are authorized to be made available
12 for purchase of foreign currencies (including foreign cur-
13 rencies or credits owed to or owned by the United States) :
14 *Provided*, That such currencies or credits are authorized to
15 be made available for use, without reimbursement to the
16 Treasury, for liquidation of obligations legally incurred
17 against such currencies prior to July 1, 1953.”

18 (h) NEAR EAST REFUGEES.—Add after section 548 the
19 following new section:

20 “SEC. 549. (a) In order to contribute to the peace and
21 stability of the Near East in particular and of the world in
22 general, the Director for Mutual Security shall, in consulta-
23 tion with the Secretary of State, make a survey of the refugee
24 situation in the Near East and report the results of the survey

1 to the Congress within ninety days after the Mutual Security
2 Act of 1953 is enacted, together with recommendations for
3 seeking a solution. In the making of such report and recom-
4 mendations, especial consideration shall be given to a pro-
5 gram which would utilize the services and talents of these
6 refugees to develop and expand the resources of the area,
7 including its water resources.

8 “(b) In carrying out his duties under this section, the
9 Director for Mutual Security shall consult with the Com-
10 mittee on Foreign Relations of the Senate and the Com-
11 mittee on Foreign Affairs of the House of Representatives,
12 and shall keep these committees constantly and fully in-
13 formed of the action which he takes to carry out the pro-
14 visions of this section.”

15 SEC. 707. The Mutual Defense Assistance Act of 1949,
16 as amended (22 U. S. C. 1571-1604), is further amended
17 as follows:

18 (a) EXCESS EQUIPMENT.—Immediately before the
19 period in the next to last sentence of section 403 (d) (re-
20 lating to limitation on furnishing of excess equipment), insert
21 a comma and the following: “and after June 30, 1953, by
22 an additional \$200,000,000”.

23 (b) SALES OF MILITARY EQUIPMENT.—Amend section
24 408 (e) by adding at the end thereof the following new
25 paragraph:

1 “(4) The provisions of section 530 (a) of the Mutual
2 Security Act of 1951 (relating to expiration of program)
3 shall not apply in the case of the transfer, or procurement
4 for transfer, under this subsection, of parts, components, and
5 equipment required for the maintenance or repair of military
6 end items (as referred to in section 506 (c) of the Mutual
7 Security Act of 1951) previously supplied under this Act or
8 the Mutual Security Act of 1951.”

9 (c) DEPENDABLE UNDERTAKING PROCEDURE.—Amend
10 the last sentence of section 408 (e) (2) (relating to sales
11 of military equipment) by striking out “such nation” and by
12 inserting in lieu thereof “such nation, or international military
13 organization or headquarters,”.

14 (d) LOANS OF EQUIPMENT.—Amend section 411 (d)
15 (containing definitions) to read as follows:

16 “(d) The term ‘services’ shall include any service,
17 repair, training of personnel, or technical or other as-
18 sistance or information necessary to effectuate the pur-
19 poses of this Act, including loans of limited quantities of
20 equipment for designated periods solely for test and
21 study purposes.”

22 SEC. 708. The remaining provisions of the Economic
23 Cooperation Act of 1948, as amended (22 U. S. C. 1503–
24 1519), are further amended as follows:

25 (a) TERM OF GUARANTIES.—Amend section 111 (b)

1 (3) (relating to guaranties) by striking out “which guaran-
 2 ties shall terminate not later than fourteen years from the
 3 date of enactment of this Act”, and by inserting in lieu
 4 thereof “which guaranties shall be limited to terms not ex-
 5 ceeding twenty years from the date of issuance”.

6 (b) GUARANTIES.—Amend section 111 (b) (3) (v)
 7 (relating to guaranties) by inserting immediately after “par-
 8 ticipating country” the following: “or by reason of war,
 9 revolution, or civil disorder”.

10 (c) COUNTERPART LOANS.—Amend the last proviso
 11 of section 115 (b) (6) (relating to counterpart funds)
 12 by striking out “shall be redeposited in such special account”,
 13 and by inserting in lieu thereof the following: “prior to ter-
 14 mination of assistance to such country shall be reused only
 15 for such purposes as shall have been agreed to between the
 16 country and the Government of the United States”.

17 (d) USE OF LOCAL CURRENCY.—Amend section 115
 18 (h) by striking out “including” and inserting in lieu thereof
 19 the following: “and, without regard to section 1415 of the
 20 Supplemental Appropriations Act, 1953, for”.

Passed the House of Representatives June 19, 1953.

Attest:

LYLE O. SNADER,

Clerk.

83^d CONGRESS
1ST SESSION

H. R. 5710

AN ACT

To amend further the Mutual Security Act of 1951, as amended, and for other purposes.

JUNE 22 (legislative day, JUNE 8), 1953

Read twice and ordered to be placed on the calendar

6/26-77/53

17. ADJOURNED until Mon., June 29 (p. 7761). Legislative program for this week, as announced by the majority leader: Mon., excess-profits tax; Tues., VA office in Philippines, post office bill, and Interparliamentary Union; remainder of week, Defense Department appropriation bill; conference reports at any time (pp. 7719-20).

SENATE - June 27

18. REORGANIZATION. Concurred in the House amendment to S. 106, to establish a Commission on Governmental Operations (pp. 7636-7). This bill will now be sent to the President.
19. INTERGOVERNMENTAL RELATIONS. Agreed to the House amendment to S. 1514 with a further amendment (p. 7636). (See item 16 of this Digest for later action.)
20. WHEAT AGREEMENT. Received from this Department a proposed bill to amend the International Wheat Agreement Act of 1949; to Foreign Relations Committee (p. 7630).
21. FARM LOANS. Received from this Department a proposed bill to make permanent the farm-housing loan authorization of the Housing Act of 1949; to Banking and Currency Committee (p. 7630).
22. TEMPORARY APPROPRIATIONS. The Appropriations Committee reported without amendment H. J. Res. 287, making temporary appropriations for the fiscal year 1954 (S. Rept. 474). Sen. Bridges requested immediate consideration, but Sen. Gore objected and asked that the measure go over until today. (p. 7686.) (See item 10 of this Digest for House action on the measure.)
23. ELECTRIFICATION; FERTILIZER. Sen. Morse criticized the administration's electric power policies and inserted a statement by USDA officials on fertilizer (pp. 7686-706).
24. FOREIGN AID. S. 2128, to extend the mutual security program, was made the unfinished business (p. 7675).
25. DROUGHT RELIEF. Sens. Thye, Schoepel, and Johnson of Tex. spoke on the seriousness of the current drought and asked for Government aid in this connection (pp. 7639-40, 7682-4).
26. ELECTRIFICATION. Sen. Kefauver criticized the Government's electric-power policies, particularly as they affect TVA (pp. 7677-82).
27. LABOR-HEW APPROPRIATION BILL, 1954. The Appropriations Committee ordered reported (but did not actually report) with amendments H. R. 5246. The "Daily Digest" states: "As approved, the bill would provide a total of \$2,008,435,761, an increase of \$27,729,300 over the House-passed figure of \$1,980,706,461." (p. D626.)
28. ARMY CIVIL FUNCTIONS APPROPRIATION BILL, 1954. Passed with amendments this bill, H. R. 5376 (pp. 7641-75). Senate conferees were appointed (p. 7675).
29. ELECTRIFICATION. Sen. Hennings inserted his statement concerning Federal power policy, opposing the House Appropriations Committee's action on this matter and urging adequate funds for water resources and rural electrification (pp. 7637-9).
30. RECESSED until Mon., June 29 (p. 7706).

BILLS INTRODUCED - June 27

31. WATER-FACILITIES LOANS. H. R. 5975, by Rep. Gathings, to extend the Water Facilities Act to the entire U. S.; to Agriculture Committee (p. 7761). Remarks of author (p. 7760).
32. LIVESTOCK. H. R. 5970, by Rep. Albert, to provide for the purchase of canner, cutter, and utility grade cattle; to Agriculture Committee (p. 7761).
33. ALASKA LANDS. S. 2232, by Sen. Butler, Nebr., relating to reservation of public lands in Alaska; to Interior and Insular Affairs Committee (p. 7633).

ITEMS IN APPENDIX

34. WHEAT MARKETING. During debate on H. R. 5451, to amend the wheat marketing quota law, Rep. Hays favored reducing the acreage allotment from 66 to 62 million acres as recommended by this Department (p. A4063).
35. FARM POLICY. During debate on H. R. 5451, Rep. McCarthy criticized the administration's farm policies, claiming the farmers were promised 100% of parity but are getting about 93% (pp. A4063-4).
36. GRAZING LANDS. Rep. Metcalf inserted Bernard DeVoto's recent article criticizing the Chamber of Commerce for furnishing scripts for local radio programs favoring the stockmen's grazing bills (pp. A4069-71).
37. TARIFFS; INTEREST-RATES. Rep. Deane inserted Rep. Lantaff's speech blaming the administration for "high interest rates and high tariffs" (pp. A4074-6).
38. TEXTILES. Rep. Lane inserted a National Wool Grower article discussing the battle between synthetic-fiber manufacturers and wool-cotton groups (pp. A4080-1).
39. T. V. A. Rep. Perkins inserted a newspaper editorial defending TVA and deploring administration decisions regarding it (pp. A4082-3).
40. BANKING AND CURRENCY. Rep. Bulter inserted Doris Fleeson's article claiming Mr. Eccles feels that the immediate danger ahead is deflation (pp. A4078-9).
Rep. Hiestand inserted Pres. Shoup's (Holly Sugar Corp.) recent speech favoring "return to sound currency" (pp. A4083-4).
41. GRAZING LANDS. Rep. D'Ewart inserted an Arizona Republic article favoring H. R. 4023, the stockmen's grazing bill (p. A4097).
42. EXPENDITURES; TAXATION. Rep. Steed inserted a Stillwater (Okla.) Chamber of Commerce plan for a balanced budget and tax relief (p. A4105).
43. FORESTRY RESEARCH. Rep. Davis inserted Harris Ellsworth's address urging continued institutional research in forest products (pp. A4108-10).

BILL APPROVED BY THE PRESIDENT

44. EXTENSION SERVICE. S. 1679, to consolidate Extension Service authorizations. Approved June 26, 1953 (Public Law 83, 83rd Cong.).

As the Members of the Senate may know, the original 1954 estimate for the item described in previous civil functions bills as Niagara power development was \$989,000. The revised estimate for 1954 was \$100,000. Both the House and the Senate committees have eliminated even this insignificant item to support the study and planning of certain remedial works at the Niagara. There is, as will be noted, a considerable difference between the original estimate of \$989,000 and the revised estimate of \$100,000. That difference seems to have come about as a result of the acceptance by the administration of the possibility that the Niagara will be developed by private interests. Hence the administration isn't even asking for further funds to study the Niagara power project itself.

While I have withdrawn and compromised on the issue of Federal funds for New York State, this last is a sticking point. I cannot and will not concede for 1 moment that the Niagara shall be developed by private interests. At this point I should like to insert from page 1981 of the Senate hearings on the Army civil functions bill, H. R. 5376, part II, the following colloquy:

"General CHORPENING. Since the budget was originally made up and then later revised, action has been taken by the administration, as indicated by the Bureau of the Budget, that the construction of Niagara power is not necessarily to be a Federal development. That being true, we have adequate funds available now to do what the Corps of Engineers must do in connection with the remedial works and any additional work that may be required, in working with the non-Federal agency, if that is the final decision. Therefore, these funds have not been allowed by the House and I am not requesting restoration of those funds by the committee.

"Senator ELLENDER. How much do you have on hand?

"General CHORPENING. We have, as I recall, about \$90,000.

"Senator ELLENDER. That is out of \$100,000 we gave you last year?

"General CHORPENING. Yes.

"Senator ELLENDER. And you have enough?

"General CHORPENING. We have enough to take care of it under the present situation."

The preceding statement is an indication that the word has gone out from the administration to the executive agencies that the Niagara may be given away to private interests.

Perhaps this should not shock us who have seen the administration support the giveaway of some of the public's offshore oil lands and increase by administrative action the interest rate to veterans and civilians on home mortgages. But this is a whole new field—that of public versus private power—and while this is not the first indication that the administration is willing to divest our citizens of their natural heritage, this indication is one of the most important in that Niagara is one of the largest and most economically profitable waterpower sites remaining in the United States today. According to the Federal Power Commission, this redevelopment of the power potential of the Niagara River will provide a net increase of 1,132,000 kilowatts and about 7.78 billion kilowatt-hours of annual energy. This output is equal to the combined output of Hoover, Bonneville, and Shasta Dams and is greater than the annual production of 6.3 billion kilowatt-hours which will be the United States share of the proposed St. Lawrence power project.

Although I do not seek to restore the item for development studies and surveys for the Niagara River to this bill, I do want to serve notice that my policy—and I am sure that of many of my colleagues—has not changed with regard to the Niagara development. For almost 30 years I have favored public de-

velopment and operation of publicly owned hydroelectric sites and I shall continue to do so. On this I shall not compromise.

I hereby serve notice that regardless of the action taken on this or any other appropriation bill and regardless of the statements made by executive officers of the Government with reference to private development of Niagara, I cannot and will not accept any change in the Federal power policy which heretofore has been for public development in the public interest. I shall do my utmost to resist any change in that policy.

Mr. KNOWLAND. Mr. President, will the distinguished Senator from Tennessee yield briefly to me?

Mr. KEFAUVER. I yield.

Mr. KNOWLAND. I understand that the Senator has a brief statement he desires to make. I should like to ask the Senator if he would not permit the Senate to pass the appropriation bill, without losing his right to the floor, because otherwise Senators may have to remain in attendance late this afternoon. We have now reached the point of final passage. Would the Senator from Tennessee be willing to do that as a courtesy? I would ask unanimous consent that he not lose his right to the floor.

Mr. KEFAUVER. My remarks refer to the whole problem of public power, not merely to the pending bill. If it will be an accommodation to Members of the Senate, I will agree to the unanimous-consent request of the Senator from California.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The amendments to the appropriation bill having been engrossed, and the bill read the third time, the question now is, shall the bill pass?

The bill (H. R. 5376) was passed.

Mr. KNOWLAND. Mr. President, I move that the Senate insist upon its amendments, request a conference with the House thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. KNOWLAND, Mr. YOUNG, Mr. CORDON, Mr. THYE, Mr. MARTIN, Mr. HAYDEN, Mr. RUSSELL, and Mr. ELLENDER conferees on the part of the Senate.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its clerks, announced that the House had passed a joint resolution (H. J. Res. 287) making temporary appropriations for the fiscal year 1954, and for other purposes, in which it requested the concurrence of the Senate.

HOUSE BILL AND JOINT RESOLUTIONS REFERRED

The following bill and joint resolutions were each read twice by their titles, and referred as indicated:

H. R. 5728. An act to authorize the disposal of the Government-owned rubber-producing facilities, and for other purposes; to the Committee on Banking and Currency;

H. J. Res. 285. Joint resolution to extend the effectiveness of certain statutory provi-

sions from July 1, 1953, to August 1, 1953; to the Committee on the Judiciary; and

H. J. Res. 287. Joint resolution making temporary appropriations for the fiscal year 1954, and for other purposes; to the Committee on Appropriations.

ORDER FOR RECESS

Mr. KNOWLAND. Mr. President, will the Senator from Tennessee yield for a unanimous-consent request and for two other matters?

Mr. KEFAUVER. I yield.

Mr. KNOWLAND. I ask unanimous consent that when the Senate completes its business today it recess until 12 o'clock noon on Monday next.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

MUTUAL SECURITY ACT OF 1951, AS AMENDED

Mr. KNOWLAND. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 444, S. 2128, to amend the Mutual Security Act. It is not the intention of the acting majority leader to take up the bill today, but merely to have it made the unfinished business, so that it will be available for debate next week.

The PRESIDING OFFICER. The clerk will state the bill by title.

The LEGISLATIVE CLERK. A bill (S. 2128) to further amend the Mutual Security Act of 1951, as amended, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 2128) to amend the Mutual Security Act of 1951, as amended, and for other purposes, which had been reported from the Committee on Armed Services with amendments.

PROGRAM FOR THE REMAINDER OF THE DAY

Mr. KNOWLAND. Mr. President, several Senators have asked me if it is the intention of the acting majority leader to have any further votes taken on proposed legislation or conference reports, or to enter into any other unanimous-consent agreements today. It is not my intention to seek the passage of any bills or to transact any other business than to permit insertions in the RECORD. So for the information of Senators who have made inquiry, that will be the general course that will be followed.

SEVENTY-THIRD BIRTHDAY OF HELEN KELLER

Mr. HICKENLOOPER. Mr. President, will the Senator from Tennessee yield briefly to me?

Mr. KEFAUVER. I yield.

Mr. HICKENLOOPER. I have a short statement with reference to the 73d birthday anniversary of Helen Keller which I should like to make at this time. Would the Senator from Tennessee be

willing to yield to me for that purpose without his losing the floor?

Mr. KEFAUVER. I yield for that purpose.

Mr. HICKENLOOPER. Mr. President, today, June 27, is the 73d birthday of Hellen Keller, one of the most remarkable women of our time. In fact, she holds a remarkable place in the history of the world. All of us know under what tremendous handicaps she faced life, without hearing, power of speech, or sight; and how magnificently she has overcome them. Helen Keller has come to be a symbol of how the human spirit can liberate itself from what would seem to be a hopeless bondage of the flesh.

This indomitable woman has not only contributed to the progress of the blind, the deaf, and the dumb in our own country, helping to open the doors of sight and sound for them, but she has also carried her message of hope round the world to every continent. Her every visit of this kind has been a challenge to despair, a summons to life.

The most recent of these trips was to Latin America. Miss Keller returned earlier this week from a 2-months' tour, during which she visited Brazil, Peru, Chile, Panama, and Mexico. She was received everywhere with memorable demonstrations of good will and affection on the part of the general public, the press, and Government officials.

Incoming dispatches from our diplomatic missions testify to the great contribution she made in furthering inter-American friendship. *Ultimas Noticias* of Panama commented on June 15—translation:

None of the great political leaders who have passed through our greatest house of culture have brought the multitude which last night gathered in the auditorium.

Our Embassy in Brazil states that—

During the last 2 years, no other American visiting Sao Paulo has received such a warm reception.

According to a dispatch from Lima:

The 10-day official visit of Miss Helen Keller to Peru, as the guest of the Ministry of Education, was one of the most important public events of the past year. The large amount of favorable publicity generated by her visit will ultimately be as valuable to the United States as to Miss Keller herself.

On her Latin-American trip, Miss Keller received numerous honors and various decorations, among the latter the Order of the Southern Cross, conferred by President Vargas of Brazil.

Miss Keller is celebrating her 73d birthday today at Westport, Conn. It is an opportune moment to make grateful mention of her national and international prestige, her unselfish contribution toward enlarging horizons for the handicapped all over the world, and the immediate excellent results of her Latin-American tour. I know that all Members of the Senate join me in wishing her many happy returns, so that her selfless services for mankind may continue for long and fruitful years to come.

CONSIDERATION OF CERTAIN EXECUTIVE NOMINATIONS

Mr. KNOWLAND. Mr. President, will the Senator from Tennessee yield to me once more?

Mr. KEFAUVER. I yield.

Mr. KNOWLAND. Mr. President, the distinguished senior Senator from New Jersey [Mr. SMITH], ranking member of the Foreign Relations Committee, in the absence of the Senator from Wisconsin [Mr. WILEY] called to my attention today two nominations of representatives of the United States to the United Nations Educational, Scientific, and Cultural Organization, a meeting of which is to be held on July 1, I believe.

These nominations have been reported without opposition from the Foreign Relations Committee. The matter was discussed with the ranking Democratic member of that committee, the Senator from Georgia [Mr. GEORGE], as well as with the minority leader. I understand that there is no objection.

I therefore ask unanimous consent, as in executive session, for the present consideration of the nominations.

The PRESIDING OFFICER. Is there objection? The Chair hears none. The clerk will state the nominations.

REPRESENTATIVES OF THE UNITED STATES TO UNITED NATIONS EDUCATIONAL, SCIENTIFIC, AND CULTURAL ORGANIZATION

The legislative clerk read the nomination of Irving Salomon to be a representative of the United States of America to the second extraordinary session of the General Conference of the United Nations Educational, Scientific, and Cultural Organization.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Mrs. Elizabeth E. Heffelfinger to be the alternate representative of the United States of America to the second extraordinary session of the General Conference of the United Nations Educational, Scientific, and Cultural Organization.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. KNOWLAND. I ask that the President be immediately notified of the confirmation of these nominations.

The PRESIDING OFFICER. Without objection, the President will be notified forthwith.

AGREEMENT WITH FEDERAL REPUBLIC OF GERMANY CONCERNING APPLICATION OF TREATY OF FRIENDSHIP, COMMERCE, AND CONSULAR RIGHTS—REMOVAL OF INJUNCTION OF SECRECY

The PRESIDING OFFICER (Mr. BUTLER of Maryland in the chair). The Chair lays before the Senate Executive N, 83d Congress, 1st session, an agreement between the United States of

America and the Federal Republic of Germany, signed at Bonn on June 3, 1953, concerning the application of the treaty of friendship, commerce, and consular rights between the United States of America and Germany, signed at Washington on December 8, 1923, as amended. Without objection, the injunction of secrecy will be removed from the agreement, and the agreement, together with the President's message will be referred to the Committee on Foreign Relations, and the President's message will be printed in the RECORD. The Chair hears no objection.

The message from the President is as follows:

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith an agreement between the United States of America and the Federal Republic of Germany, signed at Bonn on June 3, 1953, concerning the application of the treaty of friendship, commerce, and consular rights between the United States of America and Germany, signed at Washington on December 8, 1923, as amended.

I transmit also, for the information of the Senate the texts of related notes exchanged at Washington June 2, 1953, and the report by the Secretary of State with respect to the agreement and related notes.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, June 27, 1953.

(Enclosures: (1) Report of the Secretary of State; (2) agreement concerning the application of the treaty of friendship, commerce, and consular rights between the United States and Germany, signed at Washington, December 8, 1923, as amended; (3) related notes dated June 2, 1953.)

TREATY OF FRIENDSHIP, COMMERCE, AND NAVIGATION WITH JAPAN—REMOVAL OF INJUNCTION OF SECRECY

The PRESIDING OFFICER. The Chair lays before the Senate Executive O, 83d Congress, first session, a treaty of friendship, commerce, and navigation between the United States of America and Japan, together with a protocol relating thereto, signed at Tokyo on April 2, 1953. Without objection, the injunction of secrecy is removed from the treaty, and the treaty, protocol, and message from the President will be referred to the Committee on Foreign Relations, and the President's message will be printed in the RECORD. The Chair hears no objection.

The message from the President is as follows:

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith a treaty of friendship, commerce, and navigation between the United States of America

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 30, 1953
For actions of June 29, 1953
83rd-1st, No. 119

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HIGHLIGHTS: Senate passed temporary-appropriation measure. Ready for President. Senate committee voted to report bills to transfer land tracts, control sheep diseases, authorize Alaska forest survey, increase interest on farm-tenant loans, expand crop insurance, and extend fur loans. Senate committee reported McLeaish nomination to FHA. Sen. Johnson, Tex., introduced and discussed drought relief bill. Senate committee reported Labor-HEW appropriation bill. Senate debated foreign-aid bill.

SENATE

1. APPROPRIATIONS. Passed without amendment H. J. Res. 287, to make funds available to Government agencies pending enactment of the regular appropriation bills for 1954 (p. 7779). This measure will now be sent to the President.
The Appropriations Committee reported with amendments H. R. 5246, the Labor-HEW appropriation bill for 1954 (S. Rept. 478)(p. 7765).
2. FOREIGN AID. Began debate on S. 2128, to extend the Mutual Security Act (pp. 7775, 7781-93, D630).
3. EMERGENCY POWERS. Passed with amendment H. J. Res. 285, to continue through July certain emergency powers of the President (p. 7765).
4. NOMINATION. The Agriculture and Forestry Committee reported the nomination of Robert B. McLeaish to be Administrator of the Farmers' Home Administration (p. 7776).
5. FORESTRY; RESEARCH; CROP INSURANCE; FARM LOANS; WHEAT IMPORTS. The Agriculture and Forestry Committee ordered reported (but did not actually report) the following bills without amendment: S. 1400, to release the reversionary rights of the U. S. in a tract of Rural Rehabilitation Corporation land in Wake County, N. C.; S. 2055, to provide for control and eradication of scrapie and blue tongue in sheep; S. 2163, to authorize conveyance of certain lands in the U. S. cottonfield station near Statesville, N. C., to the State; and S. 725, to amend the act authorizing a national survey of forest resources so as to include U. S. Territories and possessions. The Committee ordered reported with amendment S. 1276, to amend the Bankhead-Jones Farm Tenant Act in order to increase the

interest rate on loans made under title I of such Act; S. 1367, to extend for 4 years the authority for expansion of the crop-insurance program into additional counties; S. 984, to provide for conveyance of certain national forest land in Basalt, Colo.; and S. 1152, to extend for 5 years the authority of the Department to make loans to fur farmers.

The "Daily Digest" states: "...the committee gave its approval to the introduction of an original resolution which would provide funds to continue the investigation of Canadian wheat imported as unfit for human consumption." (pp. D629-30.)

6. EXPENDITURES; PERSONNEL. The Joint Committee on Reduction of Nonessential Federal Expenditures submitted a report on personnel statistics and unexpended balances of appropriations (pp. 7765-9).
7. DISASTER RELIEF. The Public Works Committee ordered reported (but did not actually report) with amendment S. 2199, to allow State and local governments during major disasters to use or distribute certain surplus equipment and supplies of the Federal Government (p. D631).
8. DROUGHT RELIEF. Sen. Knowland inserted a news report describing the actions being taken by the administration to provide drought relief in Tex. and Okla. (p. 7793).
9. FORESTRY. Sen. Wiley inserted a Wisconsin Conservation Congress recommendation in favor of earmarking 10% of forest receipts for recreation and wildlife, and opposing the stockmen's grazing bill (p. 7765).
10. PRICE SUPPORTS. Sen. Young inserted a Rolla Commercial Club resolution supporting the price-support program (p. 7793).
11. LEGISLATIVE PROGRAM. Sen. Knowland expressed a hope that the mutual-security and trade-agreements bills can be passed by Thurs. and indicated that the calendar will be called Mon., following which appropriation bills will be considered (pp. 7780-1, 7793-4).

HOUSE

12. PUBLIC LANDS. The Interior and Insular Affairs Committee reported with amendment H. R. 334, to regulate the disposition of sand, stone, gravel, pumice, pumicite and cinders located on public lands (H. Rept. 686)(p. 7817).
13. APPROPRIATIONS. The Rules Committee reported a resolution waiving points of order on H. R. 5969, the Defense Department appropriation bill for 1954 (p. 7817).
14. TAXATION. Deferred indefinitely the consideration of a resolution for debate on H. R. 5899, to extend the excess-profit tax for 6 months, in order to give the Ways and Means Committee opportunity for further consideration of the bill (pp. 7802-3).

BILLS INTRODUCED

15. DROUGHT RELIEF. S. 2233, to provide assistance to farmers and stockmen in areas where a production disaster caused by severe drought has occurred; by Sen. Johnson, Tex., for himself and others; to Agriculture and Forestry Committee; remarks of author (pp. 7770-1).

2d session; but this proviso shall not be construed as to interfere with State taxation of leasehold interests: *Provided further*, That any tax collected for school purposes on any leasehold interest within the boundaries of the Boulder City Union School District on and after July 1, 1953, shall be deducted under section 3 (g) of said act."

Mr. THYE also submitted an amendment intended to be proposed by him to House bill 5246, making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related independent agencies, for the fiscal year ending June 30, 1954, and for other purposes, which was ordered to lie on the table and to be printed.

(For text of amendment referred to, see the foregoing notice.)

* EXECUTIVE MESSAGE REFERRED

As in executive session,

The VICE PRESIDENT laid before the Senate messages from the President of the United States, submitting the nomination of Col. Eugene Mead Caffey, for temporary appointment as brigadier general in the Army of the United States, and withdrawing the nomination of Grace M. Stewart, of the District of Columbia, to be an associate judge of the Municipal Court for the District of Columbia, vice Ellen K. Raedy, deceased, which nominating message was referred to the Committee on Armed Services.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. LANGER, from the Committee on the Judiciary:

George Harrold Carswell, of Florida, to be United States attorney for the northern district of Florida, vice George Earl Hoffman, retired.

By Mr. AIKEN, from the Committee on Agriculture and Forestry:

Robert B. McLeaish, of Texas, to be Administrator of the Farmers' Home Administration.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. WILEY:

Address entitled "American Free Enterprise and Foreign Policy," delivered by him before the United States Trade Mark Association in New York City, June 26, 1953.

Newspaper comment and excerpts from letters, indicating Wisconsin opposition to the so-called Bricker constitutional amendment.

By Mr. SMITH of New Jersey:

Article entitled "Soviet Plan To Steal Iran," written by Lev Vasiliev, and published in the San Francisco Chronicle of April 19, 1953.

By Mr. SCHOEPPPEL:

Article entitled "Rhee Liberated His Own Men," written by Constantine Brown, and published in the Washington Star of June 25, 1953.

By Mr. LANGER:

Letter addressed to him by Mrs. Herman Novak, of Lordville, N. Dak., dealing with credit and prices.

By Mr. HILL:

Editorial entitled "Voice in the Wilderness," commenting on the recent speech delivered by Senator SYMINGTON, published in the Sunday Star of Washington, D. C., on June 28, 1953.

By Mr. WILLIAMS:

Editorial entitled "Like Any Other Witness," relating to Mr. Justice Clark of the United States Supreme Court, published in the St. Louis Post-Dispatch of Tuesday, June 16, 1953.

By Mr. BUSH:

Article entitled "Greenwich's Debts Are Nearly Paid Up," published in the New York Times of June 29, 1953.

By Mr. SPARKMAN:

Article entitled "GI Home Loans Number 3 Million," published in the Washington Post of June 28, 1953.

HOUSING IN CONNECTION WITH NATIONAL DEFENSE

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 1376) to amend section 503 of the act entitled "An act to expedite the provision of housing in connection with national defense, and for other purposes, approved October 14, 1940, as amended," which was, after line 8, insert:

SEC. 2. Section 1 (b) (2) of the Bankhead-Jones Farm Tenant Act, as amended, is amended to read as follows:

"Any veteran (defined herein as a person who served in the military forces of the United States during any war between the United States and any other nation or during the period beginning June 27, 1950, and ending on such date as shall be determined by Presidential proclamation or concurrent resolution of Congress and who was discharged or released therefrom under conditions other than dishonorable) who intends to engage in farming as a principal occupation, and who meets the requirements of rules and regulations prescribed by the Secretary as to industry, experience, character, and other assurances of success as a farmer, shall be eligible for the benefits of this title and his application shall be entitled to preference over the applications of non-veterans."

SEC. 3. Section 507 of the Housing Act of 1949, as amended, is amended to read as follows:

"As between eligible applicants seeking assistance under this title, the Secretary shall give preference to veterans and the families of deceased servicemen. As used herein, a 'veteran' shall mean a person who served in the military forces of the United States during any war between the United States and any other nation or during the period beginning June 27, 1950, and ending on such date as shall be determined by Presidential proclamation or concurrent resolution of Congress and who was discharged or released therefrom on conditions other than dishonorable. 'Deceased servicemen' shall mean persons who served in the military forces of the United States during any war between the United States and any other nation or during the period beginning June 27, 1950, and ending on such date as shall be determined by Presidential proclamation or concurrent resolution of Congress and who died in service before the termination of such war or such period."

Mr. CAPEHART. Mr. President, I move that the Senate concur in the House amendment.

Mr. KNOWLAND. Mr. President, I should like to ask the distinguished Senator from Indiana to give a brief explanation of the House amendment.

Mr. CAPEHART. I shall be glad to do so. All the House amendment would do would be, in respect to certain housing and farm assistance, to give Korean veterans the same rights as those given to World War II veterans. That is exactly what it would do. It would give Korean war veterans who were inducted into service after June 27, 1950, the same rights as those accorded to World War II veterans.

Mr. KNOWLAND. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield.

Mr. KNOWLAND. I understood that that was the original intent of the bill. Does the Senator state that such is the purpose of the amendment which the House added?

Mr. CAPEHART. That is the purpose of the House amendment.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. SPARKMAN. Am I correct in my understanding that the Senate is now considering the House amendment to Senate bill 1376?

Mr. CAPEHART. That is correct.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Indiana.

The motion was agreed to.

AMENDMENT OF NATIONAL HOUSING ACT

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 2103) to amend the National Housing Act and other laws relating to housing, which was, to strike out all after the enacting clause and insert:

That this act may be cited as the "Housing Amendments of 1953."

SEC. 2. Section 203 of the National Housing Act, as amended, is hereby amended by adding the following new subsection at the end thereof:

"(g) Notwithstanding any other provisions of this section, a mortgage otherwise eligible for insurance hereunder and covering property upon which there is located a dwelling designed principally for a single-family residence and which is approved for mortgage insurance prior to the beginning of construction, may have such higher ratio of loan to value and such longer maturity than otherwise provided as the President may determine to be in the public interest, taking into account the general effect of such higher ratio or longer maturity, as the case may be, upon conditions in the building industry and upon the national economy: *Provided*, That the principal obligation of any such mortgage shall not exceed \$12,000 and the maturity thereof shall not exceed 30 years: *And provided further*, That with respect to any such mortgage the mortgagor shall be the owner and occupant of the property at the time of the insurance and shall have paid on account of the property at least 5 percent of the Commissioner's estimate of the cost of acquisition in cash or its equivalent."

SEC. 3. Section 205 (c) of the National Housing Act, as amended, is hereby amended to read as follows:

and are costing the Danish economy and the shipowners much more than the 4-percent interest provided for in the corresponding Finnish settlement. Prompt enactment of a settlement such as was achieved in the Finnish case will mean a great deal to my country. Anything you and your colleagues can do to bring this matter to a speedy and just end will, I assure you, be most deeply appreciated.

Sincerely yours,

HENRIK DE KAUFFMANN.

HOUSE BILL REFERRED

The bill (H. R. 2824) to encourage the discovery, development, and production of tungsten ores, and concentrates in the United States, its Territories and possessions, and for other purposes, was read twice by its title, and referred to the Committee on Interior and Insular Affairs.

AMENDMENT OF MUTUAL SECURITY ACT OF 1951—AMENDMENT

Mr. KENNEDY submitted an amendment intended to be proposed by him to the bill (S. 2128) to further amend the Mutual Security Act of 1951, as amended, and for other purposes, which was ordered to lie on the table and to be printed.

AMENDMENT OF MUTUAL SECURITY ACT OF 1951—AMENDMENT

Mr. McCLELLAN. Mr. President, I submit for appropriate reference an amendment intended to be proposed by me to the bill (S. 2128) to further amend the Mutual Security Act of 1951, as amended, and for other purposes. I ask unanimous consent that the amendment, together with a statement I have prepared explaining the amendment, be printed in the RECORD.

The VICE PRESIDENT. The amendment will be received, appropriately referred, and printed; and, without objection, the amendment and statement will be printed in the RECORD.

The amendment was received, ordered to lie on the table, to be printed, and to be printed in the RECORD, as follows:

On page 2, line 1, after "SEC. 540," insert "(a)"; strike out the quotation marks at the end of line 13; and between lines 13 and 14 insert a new subsection, as follows:

"(b) Such amounts of the funds authorized to be appropriated by subsection (a) of this section as may be specified in the act appropriating such funds shall be used by the President, under such rules and regulations as he may prescribe, to provide military assistance to countries eligible to receive such assistance under this act through currency conversion agreements entered into in accordance with this subsection. The President is authorized to enter into an agreement with any such country which shall provide:

"(1) for the conversion into currency of the United States of such amounts of the currency of such country as may be specified in such agreement, and for the use of such United States currency for the purchase of agricultural commodities produced in the United States which are determined by the Secretary of Agriculture to be in surplus supply;

"(2) for the use of the currency of such country received by the United States under such agreement to procure military equipment, materials, and services in such coun-

try for the purpose of carrying out the provisions of his act;

"(3) satisfactory assurance that an amount of dollar exchange equivalent to the dollar exchange used by such country during the fiscal year beginning July 1, 1952, for the importation from the United States of each commodity covered by the agreement will be made available by such country during the fiscal year beginning July 1, 1953, from sources other than dollar exchange made available under this section of the act for the purchase of each such commodity; and

"(4) that the purchase of agricultural commodities produced in the United States with dollar exchange provided under such agreement shall be conducted through private trade channels."

The statement by Mr. McCLELLAN is as follows:

STATEMENT BY SENATOR McCLELLAN HOW THE CURRENCY CONVERSION PROGRAM WOULD OPERATE

Under this amendment the President would authorize the Mutual Security Agency to enter into agreements with the governments of countries eligible to receive military assistance under the Mutual Security Act of 1951, as amended, to convert their local currencies into United States dollars for the specific purpose of increasing foreign purchases of surplus agricultural commodities produced in the United States which the Secretary of Agriculture has declared to be currently in surplus supply. The dollars used in this conversion would come from the funds appropriated for military assistance. The local currencies acquired through such conversion would then be utilized by the Mutual Security Agency and the United States Department of Defense for purchasing military equipment, materials, and services in such countries.

This currency conversion program would be operated by the Mutual Security Agency in the following manner:

1. The Mutual Security Agency would promulgate special regulations governing the currency conversion program. Such regulations would provide for the issuance of currency conversion authorizations to the governments of eligible countries for specified amounts of United States dollars to be converted into the local currency of each such country. Each authorization would operate more or less as a credit of United States dollar exchange with a specific expiration date. When the authorization expired the credit expired. The regulations would provide for procurement through private channels of trade but would not regulate the commercial transactions between foreign importers and United States suppliers.

2. The Mutual Security Agency would make known to all eligible countries that—

(a) The Mutual Security Agency was authorized to enter into agreements with the governments of eligible countries to convert their local currencies under certain regulations into United States dollars for the specific purpose of supplying United States dollar exchange to their importers for purchasing surplus agricultural commodities produced in the United States through private trade channels; and

(b) The local currency so acquired would be used by Mutual Security Agency and the United States Department of Defense for procurement of military equipment, materials and services in the country where such local currency was acquired.

2. The conversion of local currencies of eligible countries into United States dollars would be attained by the following procedure:

(a) The government of the country desiring to enter into a currency conversion agreement would file with Mutual Security Agency a request for a specified amount of

United States dollar exchange to be used in connection with purchases by private importers in such country of a specified surplus agricultural commodity produced in the United States; such request to be supported by evidence that such country would provide dollar exchange from other sources during fiscal year ending June 30, 1954, in an amount equal to dollar exchange provided during fiscal year ending June 30, 1953 for import of such agricultural commodity;

(b) The Mutual Security Agency would consider the request and decide on its approval on the basis of—

(i) Evidence that the United States dollar exchange requested would increase imports from the United States of the specified agricultural commodity above the total amount imported from the United States during fiscal year ending June 30, 1953; and

(ii) Assurance that the local currency acquired thereunder could be utilized for procurement of military equipment, materials, and services in such country.

(c) Upon approval of the request, Mutual Security Agency would issue a currency conversion authorization to such country for a specified amount of United States dollars. Such authorization to specify the surplus agricultural commodity to be purchased thereunder and expiration date of the authorization;

(d) The government of the signatory country named in the currency conversion authorization would issue subauthorizations to regular commercial importers of the commodity in such country and thereupon these importers would enter into purchase contracts with United States exporters;

(e) The government of the signatory country in consultation with such importers would decide on the United States commercial bank or banks through which letters of credit would be opened and notify Mutual Security Agency of such bank or banks, and the total amount of credits to be opened through each bank;

(f) Mutual Security Agency would then issue a letter of commitment to each such United States bank authorizing the bank to open letters of credit and make disbursement of a specified amount of dollars to United States suppliers, at which time the bank would collect a comparable amount of local currency for account of Mutual Security Agency from the foreign bank to whom the importer paid such local currency;

(g) The local currency so acquired would then be used by Mutual Security Agency and the United States Department of Defense for disbursements against purchase contracts made in the signatory country for military equipment, materials, and services.

NOTICE OF MOTION TO SUSPEND THE RULE—AMENDMENT TO LABOR, HEALTH, EDUCATION, AND WELFARE APPROPRIATION BILL

Mr. THYE submitted the following notice in writing:

In accordance with rule XL of the Standing Rules of the Senate, I hereby give notice in writing that it is my intention to move to suspend paragraph 4 of rule XVI for the purpose of proposing to the bill (H. R. 5246) making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related independent agencies, for the fiscal year ending June 30, 1954, and for other purposes, the following amendment, namely: On page 16, line 6, before the period, insert the following: "Provided further, That for the fiscal year beginning July 1, 1952, and for each succeeding fiscal year, all land lying within the boundaries of the Boulder Canyon Project Reservation shall be considered Federal property within the meaning of Public Law 874, 81st Congress,

tional appropriation bills ready for Senate action.

That is about as far ahead as the acting majority leader can go in advising the Senate of the program. However, I hope to keep the Senate advised as fully as possible about plans for the future.

MUTUAL SECURITY ACT OF 1951, AS AMENDED

The Senate resumed the consideration of the bill (S. 2128) to amend the Mutual Security Act of 1951, as amended, and for other purposes.

Mr. SALTONSTALL. Mr. President, I wish to make a brief statement in connection with Senate bill 2128, which amends the Mutual Security Act of 1951, as amended. That bill is, of course, the unfinished business.

Under agreement with the chairman of the Foreign Relations Committee, the bill was referred to the Armed Services Committee after it had been reported by the Foreign Relations Committee. The printed copy of the bill shows that subsequently it was reported by me, as Chairman of the Armed Services Committee.

Of course the bill is essentially the work of the Foreign Relations Committee, and should be handled on the floor, as it will be, by the distinguished chairman of that committee.

On behalf of the Armed Services Committee, let me say that we heard from representatives of the Secretary of Defense, the Secretary of State, and the Mutual Security Director. We were convinced that the program of the Mutual Security Agency meshes with and assists the military program of our country, and does not hinder it in any way.

I wish to make it clear that our committee did not determine whether the authorizations provided by the bill are correct ones. We reserved the right to consider the authorizations further, inasmuch as there was not time for us to do so then, and it was not our purpose to study that phase of the measure.

We reported two minor amendments, which are printed in connection with the bill. After the presentation which will be made by the Chairman of the Foreign Relations Committee, if there are questions about those amendments, of course I shall be glad to answer them and to discuss the amendments.

Meantime I shall listen with interest to the presentation by the chairman of the Foreign Relations Committee.

I now ask unanimous consent to have printed at this point in the RECORD, as a part of my remarks, the brief report of the Committee on Armed Services on the bill.

There being no objection, the report (No. 444) was ordered to be printed in the RECORD, as follows:

The Committee on Armed Services, to whom was referred the bill (S. 2128) to further amend the Mutual Security Act of 1951, as amended, and for other purposes, which was reported favorably to the Senate on June 15, 1953, by the Committee on Foreign Relations, having considered the bill pursuant to the instructions of the Senate, report favorably thereon with amendments.

AMENDMENTS TO THE BILL

On page 3, line 12, strike out "make available" and insert in lieu thereof "expend"; and in line 17, strike out "made" and insert in lieu thereof "to be made".

This amendment makes no substantive change in the section. It was the feeling of the committee that the word "expend" was more in keeping with proper budgetary control.

On page 3, beginning with the colon in line 20, strike out down through and including the word "control" in line 2, on page 4.

It was the feeling of the committee that this section of the bill should be confined to the purposes as set forth in the original administration request and that funds not expended for such purposes should not remain available for rehabilitation and relief in an area on the basis of such a contingency as the cessation of hostilities in such area.

On page 16, strike out lines 8 through 20 and insert in lieu thereof the following:

"(2) Amend section 521 by striking out the next to the last sentence thereof.

"(3) Add the following new section:

"Sec. 549. Use of foreign currency or credits: Foreign currencies or credits owed to or owned by the United States shall be used to carry out the purposes of this act but only after reimbursement is made therefor to the Treasury from funds appropriated to carry out such purposes: *Provided*, That such currencies or credits are authorized to be made available for use without reimbursement to the Treasury for liquidation of obligations legally incurred against such currencies prior to July 1, 1953."

The committee believed that foreign currencies or credits owed to or owned by the United States should be covered into the Treasury, and that any expenditures of these funds should come only through authorized appropriations to carry out specific purposes. This amendment eliminates \$98,396,000 from expenditures by the Mutual Security Administration. It does not change the authorization of the bill, as this amount was outside of the authorization because it was money already appropriated and converted into foreign currency or credits.

COMMITTEE COMMENT ON THE BILL

The Committee on Armed Services received testimony in executive session from representatives of the Secretary of Defense, the Secretary of State, and the Director for Mutual Security.

Throughout these hearings emphasis was concentrated upon the military aspects of the program contemplated in S. 2128 and especially the degree to which the military aspects of the program mesh with the scope and progress of programs looking toward the buildup of our own forces.

While recognizing that the requirements imposed by S. 2128 for military assistance will have a genuinely serious impact on our national economy and on the making available of funds for our own military services, the committee is of the opinion that meeting these requirements will strengthen rather than weaken our own national security.

In effect, therefore, our international program for security is so integrated with our national program for security that the amounts recommended for the military purposes of the bill for fiscal year 1954 will assist our Government to carry out its military services for defense of our country and its undertakings in other countries.

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order

for a quorum call be rescinded and that further proceedings under the call be dispensed with.

The PRESIDING OFFICER (Mr. PAYNE in the chair). Is there objection to the request of the Senator from California? The Chair hears none, and it is so ordered.

Mr. KNOWLAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state the inquiry.

Mr. KNOWLAND. Is Senate Bill 2128, the Mutual Security Act of 1953, the unfinished business?

The PRESIDING OFFICER. It is. The Chair recognizes the Senator from Wisconsin.

Mr. WILEY. Mr. President, the Mutual Security Act of 1953 is the principal foreign-policy legislation the Senate will have before it at this session.

Several years ago Congress asked the executive branch of the Government to consolidate its foreign-aid requests into one omnibus bill. Congress is thus able each year to take a fresh look at our worldwide foreign policy. We can evaluate what was done last year. We can determine the best course for America in the year ahead.

Twenty years ago it was not necessary to take an overall look at our foreign policy. It did not occupy much time of this body. Twenty years ago the public bills relating to foreign policy considered by the Foreign Relations Committee totaled only about \$100,000. But today we consider bills more than 50,000 times as large. The bill we have before us today reaches into the pocket of every American citizen and extracts an average of about \$39.

Before discussing the highlights of the bill which has been reported by the Committee on Foreign Relations, I should like to make several preliminary observations about our American foreign policy.

WHAT IS FOREIGN POLICY?

One of the questions I most often encounter as I travel around this great land is the question, "What is foreign policy?" Foreign policy in its broadest terms is the expression of the will and the attitudes of the American people toward the people of other nations.

As individuals, we have attitudes toward others. We find that we have fundamental agreements with some and fundamental disagreements with others. American foreign policy is the expression of our common attitudes toward other nations as expressed through our Government.

A strong foreign policy—a policy expressing our common attitude toward others—can only be developed if we, through our Government, manage to bring into balance the knowledge of experts in foreign policy with the desires and expectations of our people. Today on this floor we engage in that process. We have heard the proposals of the experts. We are measuring in hearings and debate, in accordance with the principles of a great democracy, the proposals of the experts against the desires and expectations of our people as

expressed by us—their elected Representatives.

WHAT IS THE AIM OF AMERICAN FOREIGN POLICY?

Having defined foreign policy as the expression of the will and attitude of the American people toward others, the second question arises, namely, What is the aim of our foreign policy?

The aim of our foreign policy—the aim of the American people—it seems to me, is still embodied in the Preamble of the American Constitution. Let me read those words:

We, the people of the United States, in order to form a more perfect union, establish justice, insure domestic tranquillity, provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity, do ordain and establish this Constitution for the United States of America.

Mr. President, as I read these words and ask what is the aim of our foreign policy, it is clear to me that our constant arm in relations with other nations must be the creation of conditions in the world which will help us in this country and for ourselves to "establish justice," promote our "common defense," promote our "general welfare," and "secure the blessings of liberty to ourselves and our posterity." If our foreign policy promotes conditions in the world that enable Americans to achieve and retain these goals at home, it is good.

There are those who would define the aims of our foreign policy in narrower terms. They would urge that the sole aim of our foreign policy is to provide for our self-preservation. I, myself, have stated on many occasions that self-preservation is a vital element; but of course it is not the only factor to guide us in foreign policy decisions. Patrick Henry said: "Give me liberty or give me death." He valued his life. He was concerned about self-preservation. But he also valued liberty.

MEANING OF SELF-PRESERVATION

Of course, Mr. President, when on numerous occasions I made the statement that the law of self-preservation is the first law of human nature and that it is also the first law of American foreign policy, I did not use the term in its narrow sense but in its broad sense, to cover not only the physical preservation of the United States, but the preservation also of the principles of the Constitution, our political principles, our great development, our literature, our philosophy, and everything else that makes and constitutes America.

So, Mr. President, the first law in connection with foreign policy is the law of self-preservation. I remember that on one occasion I was asked by a group of college students with reference to point 4. They were applying the law of self-preservation in its narrower sense. I said to them, "The fact that we help to make other people competent, that make them able to sustain themselves, that we create between ourselves and other peoples a feeling of good will, advances the prospects of self-preservation throughout the world."

Thousands of Americans who have sacrificed their lives for their Nation have valued something above self-pres-

ervation. They gave their lives to preserve the United States, and the United States they sought to preserve has embodied in its historic instruments such as the Declaration of Independence and the American Constitution the concepts of liberty and freedom, including economic freedom, freedom of worship, freedom of speech, and so forth. We owe these Americans the duty not simply to preserve the nation, but to preserve it as a Nation of freemen, for which they gave all.

DEFENSE ALONE IS INADEQUATE

American foreign policy cannot be solely a policy of defense. It cannot be phrased solely in terms of self-preservation. The preamble of the Constitution does not speak of "preserving" liberty. Rather it reads "secure the blessings of liberty to ourselves and our posterity." The best way to secure these blessings is to be adequate, psychologically and militarily.

If we as a Nation think primarily in terms of self-preservation, we shall most certainly lose our liberty piecemeal. We would not be worthy of the leadership role into which we have been cast if we should think of a foreign policy tailored solely and narrowly to self-preservation. We are interested not only in our own defense, but in the propagation throughout the earth of the liberty of man, because today we know that it is only as liberty prospers in the world at large that it can flourish here and that we can secure the blessings of liberty for ourselves and our posterity.

Mr. President, it is against this background that I ask consideration of the mutual security bill which is now before the Senate. By overwhelming votes past Congresses have indicated their profound belief that the Mutual Security Act promotes the interests of the United States. If today we believe that this bill provides for our common defense, promotes our general welfare, and secures to us and our posterity the blessings of liberty, let us support it.

If individual Senators do not believe the bill promotes those aims, then it is their duty to oppose the bill, and I shall understand their reason for opposing it. I must confess in advance, however, that I cannot understand why, after careful consideration of the fundamental facts of life, as they confront us today, anyone could believe the bill would not promote the interests of our people.

FACTS OF CURRENT SITUATION

Mr. President, I should like to digress a moment to speak about the fundamental facts of life.

Even before we got into the Second World War, it was all right to think in terms of nonintervention in foreign affairs. Some of us, among whom I am included, were noninterventionists; and I am proud of it, so far as I am concerned. But the physical facts of life have changed, the economic facts of life have changed, and the political facts of life have changed.

Before the Second World War, the Atlantic Ocean was a barrier. There were planes, but none of them in the slightest degree could have done any real damage

to this country. Now there are planes which can cross the Atlantic in 6 hours.

Before the Second World War, we did not have the atomic bomb or the hydrogen bomb. We now have cannon that can shoot an atomic projectile a distance of 20 miles. We have bombs more destructive than the one which destroyed Hiroshima, in Japan.

And today we are much more dependent than we were before we entered the Second World War on foreign sources for our supplies of basic materials with which to conduct our defense. So that, literally, we are in every other nation's backyard and other nations are in ours.

We also know, Mr. President, that in a great war the enormous industrial potential of America, including the necessary manpower, will have to be operated in large measure to supply ourselves and our allies. The Kremlin has, with its allies and satellites, approximately three-quarters of a billion persons under its overspread wings. In the United States there are approximately 160 million persons. So we must remember, when we think in terms of self-preservation and in terms of foreign policy, that we need allies and that our allies need us.

Much of my mail indicates a belief that the funds provided in this bill are mere gifts, but I want to stress that most of the money for Europe is for offshore procurement and defense production financing. What does that mean? It means the procurement of products in allied countries, thus enabling our allies to build up their industrial plants and to become more efficient and self-sufficient in case of an emergency.

I have stated, Mr. President, that the fundamental facts of life have changed since 1939. Anyone who has eyes to see must realize that fact, when he knows that, in addition to atomic bombs and high-speed, heavy aircraft, there are very efficient types of submarines. We are developing one powered by atomic energy that can go around the world.

DEFENSE ASPECTS OF BILL

First, I emphasize my profound conviction that the pending bill contributes to the common defense of the United States. More than \$4 billion of the funds authorized by the bill will be devoted to building the defensive strength of our allies. Every bit of strength they have is strength for us. When the words "common defense" were used in our Constitution, they referred to the defense of a group of States on this continent. Today we must build our defense in common with other free nations of the world.

I am certain that that fact must be apparent to anyone who views what is happening in East Berlin, what has happened in Czechoslovakia, what is taking place in Korea, and what is going on in Indochina, along with the threat to the Near East.

Mr. President, I know there are some who will ask why the American taxpayer should help to arm a Turkish or an Ethiopian soldier. The reason is that men of other friendly nations are willing to shed their blood in preservation of their own freedom and liberty, just as

American boys have died to preserve our freedom.

IMPORTANCE OF ALLIED UNITY

Anyone who evaluates the world picture today must be impressed with the necessity for united resistance to Communist expansion. On another occasion, it was Lord Palmerston who said, "It has always been the policy and practice of the Russian Government to expand its frontiers as rapidly as the apathy or timidity of its neighbors would permit, but always to halt and frequently to recoil when confronted by determined opposition; then to await for the next favorable moment to spring on its intended victim."

When we consider that since the Second World War stopped, if it did stop, Russia literally has taken under its wing hundreds of millions of people in satellite states, then we begin to realize exactly what the challenge is.

Everyone knows the importance of the Near East, with all its oil and other raw materials. That is one of the places where the Kremlin has its eyes fixed. While the war in Korea is of the first magnitude, it is but an incident on the world's perimeter, and the objective of those in the Kremlin, who seemingly wish to pull back now, is to lull the minds of Europeans and ourselves into a sense of false security, to such a point that they will feel that we can now lie down. We lay down after the First World War and following the Second World War. If we lie down now, we will see the Kremlin strike at the Near East, with all its oil. If they succeed in taking the Near East, they will have a bridge to Africa, with all its raw materials. Then we shall see the Russian Bear dominate the earth, and our own position will be quite prejudiced, to say the least.

ALLIES SAVE AMERICAN LIVES

Never let it be said that I belittle the enormous contributions America has made in the fight against aggression in Korea, and never let it be said that I have not wished and demanded that other members of the United Nations do more. But I must remind Senators that every citizen of another nation who gives his life in Korea means one less American on the casualty lists.

Take one small example. As of March 1953, the small, relatively poor country of Ethiopia had sent more than 2,900 soldiers to Korea. About one-half of those men served in the front lines. Their casualties were in excess of 400, of whom 130 died in combat. These are small figures, yet I call attention to the fact that it is reasonable to assume that 130 American boys are alive today because of the sacrifices of our comrades in arms from Ethiopia.

Thus, money we contribute to build the armed forces of our allies who stand with us is a contribution to the common defense of the people of the United States. But there is a second way the mutual security program contributes to our common defense. A few years ago, Admiral Mahan, the exponent of sea power, suggested that American foreign policy, in order to provide for the com-

mon defense of the United States, needed to be based upon three general propositions: First, predominance in the Caribbean; second, cooperation in the politics of the Far East; and third, abstention from European political controversies. It was Admiral Mahan who provided the strategic rationale for British sea power.

Today we cannot rely on seapower to provide for our defense. Control of certain strategic areas and sealanes and abstention from the politics of Europe are not sufficient. Life today requires that the United States look outside the American continent when it looks to its own defense.

WE NEED AIRBASES

In addition to seabases, we need airbases. This requires a fundamental rethinking of our defense strategy. While I do not profess to be a military expert, it has seemed to me for a long time that if we are to look to the defenses of the United States today we must rely to a large extent, as I have indicated, upon our ability to take retaliatory air action against any aggressor who might attack the United States. Defense in the air age of the atomic bomb must depend in large part upon our ability to deter an attack, to prevent the first attack from ever occurring.

In my opinion, our most effective method of preventing attack is our ability to retaliate with speed and deadly effectiveness.

We could conceivably launch such retaliatory action from bases in the United States. But if our deterrent power is to be truly effective, the United States must have overseas airbases from which we could retaliate against any aggressor who would destroy the precarious peace and threaten our liberty.

Today, then, overseas airbases are essential. They must of necessity be on territory under the sovereignty of our friends who must be allied with us in protecting freedom. Thus, allies are of critical importance if we are to maintain overseas airbases. They must be friendly and willing allies. Our airmen and supporting troops must live with and among the peoples of our allies. This means we must be closer together as peoples. This new people-to-people relationship imposes heavy responsibilities on each and every one of us. It also gives us great opportunity.

I would point out further that our overseas airbases are safe only to the extent that the armed forces of the countries where such bases are located are able to defend themselves. That is another reason why we must help them build their own defenses. Their defenses contribute directly to the defense of bases where our own forces are stationed.

In summary, then, the common defense of the United States requires overseas airbases on the territory of sovereign States. Those allies must be friendly, healthy economically, and able to defend themselves from internal and external Communist threats. As one commentator has remarked, we must not allow our alliances to languish and wither.

The pending bill provides military and economic assistance that will help our friends help themselves to be strong.

DEFENSE WITH ALLIES COSTS LESS

I would add one final comment to the proposition that the proposed legislation contributes to the common defense of the United States.

Last fall the American people went to the polls and elected a great general and great leader as a great President. In the President we find combined the elements of experience and temperament that peculiarly qualify him to recommend action that will contribute to the common defense of our Nation. President Eisenhower in transmitting the proposed program to the Congress said that the program "has been carefully developed by the responsible members of this administration in order to achieve, at least possible cost, the maximum results in terms of our security and the security of our friends and allies."

He added, and I wish to emphasize this statement:

Unequivocally I can state that this amount of money judiciously spent abroad will add much more to our Nation's ultimate security in the world than would an even greater amount spent merely to increase the size of our own military forces in being.

That is a very challenging statement from a man who has spent so much of his life in the service of his country and who contributed so greatly to winning the Second World War. He served as the Commander of the Allied Forces in Europe. He knows personally the Russian people, as well as many of their generals and soldiers. He knows also the leaders of European nations. He says in no uncertain terms that, in his judgment, the spending of this money will save money for us. In other words, it would add more to the Nation's ultimate security in the world than would an even greater amount spent merely to increase the size of our military forces in being.

There are many things in life which some of us who have practiced law have had to leave to the experts. An expert is one who knows more in a particular field than you, Mr. President, and I know. It is his field. Such knowledge comes from study, from practice, and from operations. An expert is telling us—and this is an added reason—that if we spend the money abroad for this purpose it will save us from spending more at home, and it will contribute more toward our ultimate security. That is the advice of an expert. I have tried many lawsuits in which I had to call in experts in fields of which I knew nothing—mechanics, electricity, medicine, and so forth.

War is the field of an expert. When we have a man who has successfully demonstrated his ability and knowledge, and whom the people of the United States have elected by the greatest majority of all time, a man who carried all but two States by a larger vote than the other Republican candidates in those States, it is quite clear that he is an expert to whom the American people will listen. He was instrumental in sending

to Congress the bill which we are now considering.

THIS BILL CONTRIBUTES TO THE GENERAL WELFARE

Mr. President, it is my belief that passage of the pending legislation would contribute to the general welfare of our people. While all chapters of the pending legislation would contribute to this welfare, I want to stress that the funds for economic and technical assistance fall peculiarly within that category.

In the first place, if legislation promotes the common defense of the people of the United States, it promotes their general welfare. If it promotes their common defense at less cost, as I have indicated and as President Eisenhower has said, the legislation promotes the general welfare.

But of more concern to the general welfare of the American people are those provisions which encourage the production abroad of strategic materials, which make technical assistance available to other peoples and help us to expand our markets abroad. I cannot stress too much that we Americans, by the grace of God and our own initiative, live in a land of an expanding economy. We can produce more than we need in food and in industrial products. If we are able to sell these things abroad we contribute to the general welfare of our people.

THIS BILL HELPS SECURE TO US THE BLESSINGS OF LIBERTY

Mr. President, it is incumbent upon us as representatives of the American people to legislate, as stated in the Constitution, so that we may secure to ourselves and our posterity the blessings of liberty. The bill would promote liberty here and abroad.

Freedom is not a divisible concept. The President said recently in his speech at Minneapolis that—

All free nations must stand together or they shall fall separately.

He summed up in that statement the heart of the bill we have before us. Liberty for ourselves and our posterity can only be had if we are secure.

It is easy at this time to forget Hiroshima and Nagasaki. It is easy to forget the new day in which we live, in which new facts dictate the application of new principles. I have said many times that in a lawsuit the man who first takes the principle and then tries to fit the facts to the principle may go to jail for suborning perjury. In a lawsuit we get the facts and then we look up the law which is applicable.

So, today—this new day of insecurity—we find that we must do things differently than we had planned to do them, even a short 10 or 12 years ago. We thought then that this little continent of ours was safe. Some living in the hinterland said, "There can be a bombing only of the coast." But now my own State of Wisconsin is nearer to the threat from planes coming over the pole than is New York, even though my State is a thousand miles from the coast.

The facts have changed, Mr. President. I have outlined some of them previously. A shrunken world makes it

necessary to adjust our vision, and to apply new principles which are necessary to give us security in this insecure age.

Security in the world today must be mutual security. We must work together with other nations who cherish liberty if we are to secure to ourselves the blessings of liberty.

Freedom and liberty are not static concepts. They either grow or die. What we do with the Mutual Security Act will encourage the growth of freedom and liberty, or will stifle liberty. Liberty and freedom cannot grow in a soil which is barren; they cannot flourish if constantly threatened by totalitarian concepts that substitute the state for man's free will.

The pending bill, Mr. President, would promote freedom and liberty by creating conditions in which those concepts can prosper.

I have been trying to think of some graphic way to illustrate the point that freedom is neither divisible nor static. Somehow, it seems to me that building freedom is like building a great cathedral. All the people must help. Some contribute a penny, others a dollar; some contribute their labor, others contribute the stone and mortar. The cathedral rises as each member of the community contributes according to his ability. The cathedral does not stop growing as long as each man contributes his best. But if the people do not build together, if one man carries away a stone or fails to do the job the others rely on him to do, the edifice is weakened. If no one protects and repairs a building, time and weather erode the building and it crumbles.

We, today, build on the concepts of freedom and liberty our forefathers brought to America from Europe; we build on the freedom cherished by our constitutional Founding Fathers; we build on the freedom preserved through two terrible wars. We owe a great duty to all who before us have helped to secure to us the blessings of liberty.

THE BILL BEFORE US

The bill which the Committee on Foreign Relations reports and which has the support of the Committee on Armed Services is in a different form from those which we have considered in the past 3 years. It covers, however, substantially the same type of assistance which last year the Senate approved by a vote of 64 to 10, and which it approved a year earlier by a vote of 61 to 5.

The principal difference between the Mutual Security Act of 1953 and the bill of last year, aside from amounts which I shall discuss shortly, is that this year the proposed legislation lumps all military assistance funds together in chapter I, mutual defense financing in chapter II, special weapons authorizations in chapter III, and mutual development and technical assistance in chapter IV. Last year, as will be recalled, the bill was couched in terms of assistance to geographical areas, instead of in terms of the types of assistance we were providing. The bill reported this year will thus make it easier for Members to see what part of the total funds goes to mili-

tary purposes and what part goes to other types of assistance.

THE AMOUNTS AUTHORIZED

The bill which the Committee on Foreign Relations recommends to the Senate authorizes the appropriation of a total of \$5.3 billion, more than \$2 billion less than the amount budgeted by the previous administration for this program. Of the \$5.3 billion, more than \$3.5 billion will go directly into military-assistance program. An additional \$1 billion will be available to finance defense production abroad. A little more than one-half billion dollars will be available for economic and technical assistance. Members of the Senate will find these amounts broken down on page 1 of the committee report, which I recommend to members for detailed information on the program.

For the first time we have included in the report figures showing not only contemplated economic and technical assistance expenditures, but military-assistance programs for particular countries. I should emphasize at this time, however, that the figures contained in the report are illustrative in character. That is very important. By that I mean that they show the general size of the program for particular countries, but I wish to emphasize that the figures are not to be viewed by any potential recipient as a due bill upon which they can collect. The Senate expects the administration to be "hardboiled" in the use of these funds. No dollar should be spent abroad unless it contributes directly to the common defense or the general welfare of the United States.

UNOBLIGATED AND UNEXPENDED FUNDS

Every year when the foreign-aid bill comes before the Senate there are some who point at the large sums remaining unexpended. They cry that it is unnecessary to appropriate new funds for next year. I want to explain why it is essential that we not be trapped by this suggestion.

The facts are these: As of June 30 nearly \$10 billion which we have appropriated in the past will remain unexpended. Note the word "unexpended." While this money is still, so to speak, in the bank, all but \$1.5 billion is obligated. That means contracts have been let, goods have been ordered, and as soon as delivered these sums will be needed to pay for them.

Mr. President, to put it another way, the \$10 billion have been obligated for materiel. In other words, contracts have been let in that amount. The contracts have not been paid for, and the materiel will be paid for as it comes over the desk, so to speak. It may be a plane, which takes 18 months more to build. It may be a tank, which takes a year to build. In other words, the funds for such purposes have not been paid out, and they remain unexpended to the extent of \$10 billion.

Let me illustrate it another way. If I take my automobile to the garage and ask to have new tires, a paint job, and a complete overhaul and expect to pick up my car in 5 days, the \$300 which I have in my bank account to cover this expense is obligated but unexpended. But I know

that when I get my car, the garageman will expect me to give him a check for \$300. That is the status of this unexpended balance of nearly \$10 billion. For most of it, tanks, airplanes, and other types of military equipment have been ordered and must be paid for when they are delivered.

If, through failure to understand this principle, we seek to reduce the funds authorized by this bill, it will mean that during the forthcoming year manufacturers in Detroit and elsewhere, where military equipment is being produced, will not get new orders. About next September we will realize that we have not adequately provided for our common defense, and about 2 years from now we will be faced with falling deliveries of military equipment. I urge my colleagues to look carefully into this matter which is covered in detail in the committee report before supporting proposals to cut this bill because of these unexpended figures.

Mr. President, there are many other matters I should like to cover in my remarks. I could devote time to discussing the changed emphasis in the program this year over that of last year, pointing out how the new administration is putting more funds into military assistance for the Far East, and more muscle into the NATO divisions in Europe. I would be justified in spending time discussing the admirable reports submitted by the evaluation teams which the Director of the program sent abroad earlier in the new regime. I might discuss new provisions which authorize special types of procurement abroad and which emphasize the development of special defense weapons. But these matters are covered in the report filed by the committee and in the extensive hearings which we have published. Those documents deserve careful attention.

PRESIDENTIAL DISCRETION

Mr. President, I would not be candid if I were to report to the Senate that I am completely satisfied with this bill. I should like to see two changes in it.

First, I should like to see a provision which would make it crystal clear that the President is to terminate assistance forthwith if in his judgment the security interests of the United States so require. The President has that power in the present law. But it seems to me that he should know that the American people, through their representatives in the Congress, insist that the help we are giving free nations is in the interest of our mutual security. That means that we are partners. It means that we are full partners, and each partner must constantly do his utmost, not only to build his own defense, but the defenses of the free world. I am reminded of the parlor stunt in which four people, working together, can lift a heavy man. If one of the participants fails to put his muscle into the project, it fails. If all the nations we are helping do their full share, we have nothing to fear. If the President finds that some nation is not pulling its own weight, he should be in a position to take prompt and vigorous action.

Second, I should like to see broader provisions in this proposed legislation enabling the President to meet emergencies by transferring funds from one area or country to another. The pending bill authorizes the transfer of 10 percent of the funds from one purpose or area to another. It also contains a provision enabling the President to devote up to \$100 million to special purposes within the general scope of the legislation. I should like to see the discretion of the President broadened both with respect to his authority to transfer funds from one area to another and with respect to his authority to use a larger sum for special uses.

I believe the President should have the right to transfer all or any of the funds from one area to another, if in his judgment it is to the best interest of America that it be done. I can conceive of many such instances. I can conceive of a situation arising in particularly Indochina, which would be akin to another Korea. We do not want to have another Korea. Consequently, the President not only should have the right to withhold funds, but also the right to transfer funds.

We come back to the subject I discussed a short time ago, namely, that we are living in a new world, in a new day. In this atomic age the President should have such power in handling the funds. Therefore I believe an amendment should be adopted giving the President such power.

In this atomic age we do not know—we cannot know—when and where danger may arise. The world situation today is already vastly different than it was on June 13, when the Foreign Relations Committee voted the measure to the floor. We cannot know what the situation may be in 6 months. Therefore the need exists for the President to have overall authority.

I realize there are some Senators who would oppose giving the President increased power to terminate aid or to transfer it from one area or purpose to another, although I hope there would be very few.

So I content myself at this time with simply recording my proud belief that in times like these we are more likely to err if we move to cut down Presidential discretion in the conduct of foreign policy than if we rely on the judgment and ability of our great President.

Mr. President, before concluding my remarks, I desire to express my appreciation for the cooperation of the Administrator of the Mutual Security Agency and his colleagues in their appearance before the Committee on Foreign Relations. They discussed with the utmost candor the strengths and the weaknesses of our foreign-aid program. Mr. Stassen is to be commended for going into his new job with his eyes open, for seeking objective advice on the program, and for presenting to the President a program that will, I sincerely believe, be in the best interests of our Nation.

At this time I want also to thank the members of the Committee on Foreign Relations who have worked together harmoniously in developing the pending

bill. It is a great committee, Mr. President, and I wish to express my deep appreciation for the splendid cooperation the members have given me during the present session of the Congress. Each member of the committee is interested, active, and alert. It is a real pleasure to work with Members who act so earnestly and expeditiously. As has been noted, in the committee we generally find ourselves in agreement in our labors on matters in the interest of the general welfare.

CONCLUSION

Mr. President, someone has said that "duty is the moral obligation to perform for the benefit of society an act which in itself may be burdensome and distasteful."

Today duty calls upon the United States to perform many acts which are burdensome and distasteful. This bill burdens our people heavily. Every family in the land feels directly the burden of increased military and foreign-aid expenditures. This bill is distasteful because it requires that money which we would much prefer to use for peaceful pursuits be spent for weapons to defend the free. Americans hate war. Americans dislike the idea of large standing armies. Yet duty requires that we undertake this heavy burden in helping provide for the defense of freedom.

While this burden is heavy and distasteful, Mr. President, yet the consequences of shirking the performance of our duty at this time if we were to do so, would be vastly greater, more disastrous, and longer lasting than we can now foresee. It has been said that it is "far better to do what one should than to watch, helpless, the consequences of momentary weakness." We must not weaken at the very moment when the enemy of freedom is trembling. Today the United States is in a very strong position. Yet there are some who constantly cry about American weakness and Communist strength. Several years ago General Eisenhower said that in the free world there are too many persons who think that all Russians are 10 feet tall. Certainly the Soviet Union has its share of problems. As a result of the Communist subjugation of people, the Soviet high command is sitting on a powder keg that could blow sky high at any moment.

Now is the time for us to seize the initiative.

Now is the time for the free nations of the world to join in telling Communist leaders the world over that there can be no appeasement. We will not permit Communist marauders and thieves in the night to steal man's birthright of freedom.

For three decades the Communists have been telling the workers of the world, "Unite and throw off your bondage." Yet in the same decades, while the Kremlin has been mouthing false promises, we have seen slavery and bondage grow by leaps and bounds, as country after country has fallen behind the Iron Curtain.

Today there is new hope. The call is not for workers to arise and assume the bondage of communism. Today free men are standing up everywhere to as-

sert their right to freedom from the bondage of totalitarian communism.

I repeat that the Soviet high command is sitting on a powder keg, because of the subjugated peoples. The Kremlin knows now that it dare not arm even the police forces of Eastern Germany, because those arms would be wielded in behalf of freedom. The Kremlin should have learned that lesson 5 years ago, when Yugoslavia said "enough"—enough of the subservience to a foreign state. I predict that the Communists of the Kremlin will soon learn another bitter lesson, namely, that the people of China, whom they armed to fight against the forces of freedom in Korea, will not long accept the domination of the Soviet.

The pendulum of history is beginning to swing. Soviet control over its satellite states is already beginning to crumble. It is only a matter of time until the Kremlin will lose completely its sinister influence in the world, and will become the last redoubt for a cringing group of gangsters and felons who seek to impose evil on the world.

I say to you, Mr. President, that now is no time for our country to talk about what we cannot do. This is no time for us to let retrenchment dominate initiative. Now is the time for leadership to assert itself.

There must be leadership if great problems are to be solved.

The leader—

Said General Eisenhower some time ago—

is the nation that takes on itself * * * the responsibility for getting things done.

That is our responsibility today, Mr. President. We must not waver.

I have already indicated that I believe the bill should be amended so as to enlarge the discretionary power of the Chief Executive in handling funds not only within areas but between areas.

Mr. KNOWLAND. Mr. President, before the Senator from Wisconsin discusses the amendment, will he yield to me?

Mr. WILEY. I yield.

Mr. KNOWLAND. As the Senator from Wisconsin knows, after the bill was reported by the Foreign Relations Committee, it was referred, under the previous arrangement, to the Armed Services Committee, which has submitted its report, together with several recommended amendments.

I think the RECORD should show whether the distinguished Senator from Wisconsin, the chairman of the Foreign Relations Committee, is prepared to accept the amendments which have been reported by the Armed Services Committee. I believe there should be some clarification on that point, for the general information of the Senate, and to help expedite the handling of the bill.

Mr. WILEY. Mr. President, I have just returned from a trip out of the city. Of course, the Foreign Relations Committee will meet tomorrow morning. I do not expect that the Senate will dispose of this bill today. I have looked over the suggested amendments, as re-

ported by the Armed Services Committee. Personally I have no objection to the amendments. However, I believe it is the obligation of the chairman of a committee in such circumstances to submit the amendments to the full committee. Inasmuch as the committee meets tomorrow morning, I think we can then properly take up the amendments, along with other matters.

Mr. KNOWLAND. Mr. President, there has previously been some discussion of the amendments, and I wondered whether the Members who are handling the bill on the floor would be prepared to accept the recommendations of the Armed Services Committee. Personally, I think that committee has made a constructive contribution. Although I am now a member of the Foreign Relations Committee, under the able chairmanship of the distinguished Senator from Wisconsin, I formerly served as a member of the Armed Services Committee. I believe the amendments reported by that committee will strengthen the bill, and I believe that adoption of those amendments would expedite passage of the bill.

Mr. WILEY. Mr. President, I am very happy to have the suggestion of the distinguished Senator from California. As he has said, he is a member of the Foreign Relations Committee, and I have already indicated that I see no objection to the amendments. I shall canvass the other members of the committee, because I believe that is the proper procedure. I do not believe the chairman of a committee should arrogate to himself the right of passing upon amendments. Certainly the committee as a whole should consider them.

As I have stated, I have just returned from a trip out of town.

Mr. President, I now ask unanimous consent to have printed at this point in the RECORD the summary which is to be found on pages 1 and 2 of the report, preceding the heading "Committee Action."

There being no objection, the excerpt from the report was ordered to be printed in the RECORD, as follows:

1. MAIN PURPOSE OF THE BILL

The main purpose of the bill is to authorize appropriations for continuing military, economic, and technical assistance to foreign nations under the mutual security program. Total authorizations amount to \$5,318,732,500 for the fiscal year 1954. This includes funds for United States contributions to certain multilateral assistance programs. The bill also amends in certain respects the basic legislation contained in the Economic Cooperation Act of 1948, the Mutual Defense Assistance Act of 1949, and the Mutual Security Act of 1951.

2. SUMMARY OF BILL

In the Mutual Security Act of 1951 and the amendments of 1952, authorizations were made by geographic areas. In the bill this year, authorizations are made by types of assistance. It is thought that the new arrangement will show more clearly the total, worldwide amounts of the various forms of assistance which the bill authorizes. The following table summarizes these authorizations:

Chapter I. Military assistance	\$3,681,523,000
Europe	2,179,689,870
Near East and Africa	405,212,637
Asia and Pacific	1,081,620,493
Latin America	15,000,000
Chapter II. Defense financing	984,000,000
Chapter III. Special weapons planning	100,000,000
Chapter IV. Mutual development and technical progress	443,634,500
Economic and technical assistance	140,234,500
Basic materials	15,000,000
Special economic assistance:	
Near East and Africa	194,000,000
India and Pakistan	94,400,000
Chapter V. Multilateral organizations	109,575,000
Intergovernmental Committee for European Migration	10,000,000
Multilateral Technical Cooperation	13,750,000
International Children's Welfare	13,000,000
Ocean freight on relief shipments	1,825,000
Korean reconstruction	71,000,000
Total	5,318,732,500

More detailed breakdowns will be found in other sections of this report.

The bill's other principal provisions are as follows:

1. Unexpended balances of prior appropriations for assistance to Spain are continued available. These amount to approximately \$125 million.

2. Authority is given for assistance to a regional defense organization in the Middle East, if one should come into existence. Additional authority is also included for military assistance to countries of the Near East and Africa in addition to Greece, Turkey, and Iran, which have been named in previous laws.

3. The termination date of the mutual security program is extended from June 30, 1954, to June 30, 1956, and the period of liquidating the program after its termination is extended from 1 year to 3 years.

4. The limitation on furnishing excess United States military equipment to other nations is increased by an additional \$200 million.

5. The sale of military equipment to international military organizations or headquarters is authorized.

6. Authority is granted for the loan of equipment to other countries for test and study purposes.

7. The Benton-Moody amendments are repealed. These sections provide for the use of counterpart funds to stimulate free enterprise, discourage cartels, and encourage free labor unions.

8. A special fund of \$100 million is authorized for developing special weapons.

These and other more technical changes in existing law are explained in detail in the sections that follow.

Mr. WILEY. Mr. President, the summary of the report sets forth very clearly the total amount of the authorizations carried in the bill and the way they have been distributed. I feel that anyone who reads the RECORD will easily be able to

comprehend, as a result of reading this excerpt from the report, the general provisions of the bill.

Mr. President, I have already complimented the committee. At this time I wish to compliment the staff of the committee, which has worked most diligently on this matter. We have held meetings week in and week out on this measure. We recognize that there is much misunderstanding about it throughout the land.

I sincerely hope that all Members of the Senate will give this measure most serious consideration, and that we shall soon be able to send the bill on its way.

I may say that the distinguished senator from Ohio [Mr. TAFT] spoke on this subject in committee. He was one of those who voted in favor of reporting the bill. He felt that if any changes were to be made in the amounts authorized that matter might very well be taken up with the Appropriations Committee, rather than with the Foreign Relations Committee.

Mr. DWORSHAK. Mr. President, will the Senator yield?

Mr. WILEY. I yield to the Senator from Idaho.

Mr. DWORSHAK. I wonder if the chairman of the Foreign Relations Committee read the article which appeared in the Sunday newspapers under a London date line of June 27, from which I quote:

The North Atlantic Pact (NATO) is crumbling before it has even partially achieved its goal of a united European army.

Is the Senator aware of any lack of confidence in NATO, or any inclination on the part of the British to give only lip service to NATO?

Mr. WILEY. I did not see the article in question, but I saw an article written by the head of our NATO forces in the Mediterranean. I think he made a report which would contradict the statement which the Senator has just read. I shall look that up, and I think it might very well be placed in the RECORD, since I have heard rumors along the line of what the Senator quoted, that certain of the countries of Europe are dragging their feet, now that Russia has started on a campaign to sabotage our joint efforts.

In the committee report on the pending bill, at pages 16 to 20, the Senator will find more detailed information on NATO accomplishments and the efforts of our European allies.

If the Senator will refer to the report, he will find something that will contradict the article to which he has referred. Of course, if we are simply to read the newspapers and reach the conclusion that a great people such as the British are blind to the situation and are not ready to abide by the pact, then, indeed, we shall have come to a bad crossing. I feel that economic conditions abroad are not so healthful as they should be, but I personally feel that the statement by one of our admirals who is head of all the defenses in the Mediterranean contradicts the statement the Senator has cited.

MESSAGE FROM THE HOUSE— ENROLLED JOINT RESOLUTION SIGNED

A message from the House of Representatives, by Mr. Bartlett, one of its clerks, announced that the Speaker had affixed his signature to the enrolled joint resolution (H. J. Res. 287) making temporary appropriations for the fiscal year 1954, and for other purposes, and it was signed by the Vice President.

MUTUAL SECURITY ACT OF 1951, AS AMENDED

The Senate resumed the consideration of the bill (S. 2128) to amend the Mutual Security Act of 1951, as amended, and for other purposes.

The PRESIDING OFFICER. The Chair recognizes the Senator from New Jersey [Mr. SMITH].

Mr. KNOWLAND. Mr. President, will the Senator yield, so that the acting majority leader may suggest the absence of a quorum?

Mr. SMITH of New Jersey. I yield for that purpose.

Mr. KNOWLAND. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for a quorum call be rescinded and that further proceedings under the call be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SMITH of New Jersey. Mr. President, my distinguished colleague, the chairman of the Foreign Relations Committee [Mr. WILEY], has presented to the Senate an outline of the mutual security bill. I shall not go over the ground which he covered. It is my purpose to make some overall observations on world conditions and to limit my remarks to emphasis on the Middle East and the Far East.

Before I begin, Mr. President, I desire to pay tribute to the respective staffs of the Foreign Relations Committee of the Senate and the Foreign Affairs Committee of the House. I have looked over the reports of both those committees, and they have so fully set forth the essential detailed material presented to the committees in the hearings that I feel constrained to urge upon my colleagues that, before they come to a final decision on the question, they read the reports for the answers to questions which will undoubtedly be in their minds.

I wish to go forward with my statement, and I shall be glad to yield for questions when I conclude my remarks. I think most of the answers to probable questions are to be found in the reports which have been very ably prepared.

There are one or two points of emphasis with reference to this proposed legislation which I desire to bring out

in order that we do not start from any wrong premises.

First, I point out that this is an authorization bill, not an appropriation bill. That fact has already been made clear by the Senator from Wisconsin [Mr. WILEY], but it is most important for us to realize that what we are doing is supporting our leadership, President Eisenhower, the Secretary of State, Mr. Dulles, and the Administrator of Mutual Security, Mr. Stassen, in the program which they have envisaged for this year and for a year or two ahead, in connection with our whole plan for collective security in the world.

Bear in mind that we are not appropriating in this bill. I may perhaps be one of those who will go along with the Appropriations Committee if it should feel that it is not necessary to appropriate up to the extent of the authorizations. The authorizations in some instances will be for the building of planes and tanks, which will involve at least a 2- or 3-year program. Let us not become confused as between authorization and appropriation.

I hope Senators will realize that the committee is asking support for an authorization bill which has been studied for months by our leadership and that it is presenting it as a major part of our national security program. Already there have been large reductions made in the figures which have been discussed for this year's bill. The original Truman budget figure for MSA was \$7.6 billion. The first Eisenhower budget figure for MSA was \$5.8 billion. The Senate committee cut the program down to \$5.3 billion, and the House reduction brings it to somewhat less than that figure. Those responsible for the figures and for the plans presented are President Eisenhower, than whom there is no greater authority on military affairs and the security of our Nation; Secretary Dulles, whom we recognize as understanding these problems; and Mr. Stassen, who has put all his energy into developing an efficient and effective MSA program.

On the military side, we have had the benefit of the thinking of General Ridgway, who for so long was in Japan, then was with NATO in Europe, and now is presently to be back as Chief of Staff.

General Gruenther has been the key witness with regard to our military program in Europe.

We have realized that while other places are important, at the moment the Far East is the center of our difficulty.

I refer Senators to pages 6 and 7 of the committee report which goes into every figure in the bill.

We have gone right down to the grass-roots and applied one test after another to arrive at the proper figures.

I wish to emphasize, Mr. President, that our program this year, as General Ridgway very ably pointed out to the committee, is to raise the quality of the work we are doing, rather than to try to increase the quantity. There are men in arms in NATO, but the quality of their equipment and their training has not been receiving sufficient attention. In part, our program is designed to take

care of that situation. Of course, as in the past year, we are emphasizing the military rather than the economic side of the program.

The Senator from Wisconsin [Mr. WILEY] referred to the question of unexpended and unobligated balances. I shall not touch upon that, but in the Senate committee's report, on pages 10, 11, and 12, the whole matter is fully explained and fully set forth in tables showing just how it happens that there are unexpended balances, and, in some instances, unobligated balances, in spite of our authorizations in the past. The report gives the figures by countries, and a breakdown by categories.

I come before the Senate this afternoon in full support of the bill as it now reads, possibly with some minor amendments which will be brought up. The Armed Services Committee has suggested some amendments. I see no objection to them, but the committee will meet tomorrow to consider them.

Mr. President, I am presenting the bill as a vote of confidence in the President of the United States, the Secretary of State, and the Mutual Security Director, who have thrown themselves into this matter and asked us to have confidence in their leadership in determining the policy for the security of our country and for the peace of the world.

I have never done so much studying in my life as I have done during the past months in trying to understand every phase of the bill. I make the statement that it deserves the vote of confidence I am asking of my colleagues, so that the administration may proceed to meet the critical situation which confronts our Nation and the world.

Let me begin with the statement that the issues are global. It is not possible in any way to isolate any particular issue at this time. The situation affecting Korea is terrifically serious, but Korea is but a part of the whole. It cannot be treated as an isolated incident. We cannot understand the need for action with reference to our own crisis unless we have an understanding of the global crisis.

So I start, Mr. President, with a discussion of the present crisis, and shall move from there to the relation between that crisis and this particular bill.

Let us, first of all, realize the true nature of the crisis. Communism controls one-third of the human race and advances with a ruthless strategy to take over the rest of the world. After 5 years and billions of dollars worth of Marshall aid, the Communist vote in France and Italy has not substantially changed. They still represent the largest number of votes of any party in France; and in Italy, the largest Communist Party outside of Russia. In Germany there have been gains for freedom but one-third of Germany is Communist and Berlin is under constant threat as an island in the Russian sea.

We have seen the recent uprising in Berlin and we give all credit and enthusiastic support to those who have been revolting against the tyranny of Russian control of East Berlin.

For 3 years the forces of the United Nations have been held at bay in Korea without the commitment of a single Russian division. India is under constant pressure with Communist penetration attacking many of its vital spots. In southeast Asia the free world struggles to hold the periphery of nations. The French have lost a generation of their best officers in Indochina. Our own casualties in Korea approach those of World War II in the whole Pacific theater. Africa is close to a boiling cauldron, a ferment in which subversion is rampant.

Anti-Americanism grows with frightening speed across the world. We have given and given, but there is a growing misunderstanding and mistrust of America.

Close at hand, the infiltration of South American nations makes us peculiarly vulnerable. Here at home we seem unable to grasp the extent to which the Communists have penetrated into the nerve centers of our national life. They have "planted" men and women who would destroy us in their blind crusade.

Even now, after years of exposure, there are half a million members of trade-unions who have been expelled from the ranks of free labor because their leaders were too Red to be included. But in spite of this most commendable service to our country by our responsible unions, many of these expelled unions and expelled union members control functions and services which would be vital to the United States in time of war.

Our people are weary and long for the pursuits of peace. But unless we see the danger, unless we are conditioned for sacrifice, we can be maneuvered into false solutions now that will only postpone the issue at greater cost of blood and money later on.

We in America need to understand the nature of this world struggle. This is a war of ideas. The phrase has often been used, but its implications are so far-reaching that we shrink from examining them.

Communism proclaims a way of life that promises to build a new order of mankind. To the Communist this ideology comes first. Military, economic, and political strategies come second. The Communists win men and women into fanatical loyalty to their beliefs. Unless we match the strength of that ideological passion, we will lose the world struggle.

It is against this background that we need to consider issues of policy such as the recognition of Moscow-dominated Communist China and the admission of Moscow-dominated China to the United Nations. I call attention to this because it seems certain that the issue will be precipitated into the Korean situation.

Unquestionably, when a Korean armistice comes, that issue will be raised. I regret to say that our British friends will probably push the program and will line up many of our United Nations allies with them. However, I wish to go on record as saying that I am definitely opposed to recognition of Moscow-dominated Communist China by the United

States, and I am definitely against admission of Moscow-dominated Communist China into the United Nations.

THE RECOGNITION OF MOSCOW-DOMINATED COMMUNIST CHINA

Those who advocate the recognition of Communist China, or those who advocate nonrecognition, can find principles and precedents to support their respective views. At times in our history we have held to the Wilson-Stimson doctrine that recognition implies approval. We have refused, as in the cases of Latvia, Lithuania, and Estonia, to consider takeover by force as an honest revolution. We have said that we would not recognize such international banditry.

On the other hand, because we deemed it expedient, we have recognized satellite countries in Europe that were turned into slave states by insidious infiltration within, and threat of force from without.

Therefore, it is difficult for us to try to settle the issue on the basis of precedent alone. From my personal observations in the Far East and from my studies, I am convinced that we have witnessed the conquest of China by a cleverly planned coup conceived in Moscow over 20 years ago. Had China, an allied power, been conquered by force of arms, could we morally have recognized that conquest of an ally even for expediency and the promise of a temporary peace? That is one of the immediate issues involved in this question.

But I am also against the recognition of Moscow-dominated Communist China and its admission to the United Nations because I believe such a face-saving victory for Moscow's China will insure Moscow's victory over the whole of Asia. It would insure the acceptance of the status quo and kill the hope which must be kept alive of a China eventually free and independent. Because of the United Nations stand in Korea, the forces of freedom in Indochina, and the British defense in Malaya, there is the promising possibility that these countries, and with them Indonesia, Thailand, Japan, the Philippines, Formosa, and Burma, will be saved for the free world and saved for their own freedom, independence, and ultimate self-development. Should Communist China be admitted to the United Nations, in my judgment, every one of those countries would fall behind the Iron Curtain immediately thereafter.

If recognition of Communist China were only an action in the political and economic sphere, it would be one thing. But we are all fighting in an ideological, as well as a military and political struggle, and if we surrender our faith in the eventual freedom of the Chinese people, we will take the heart out of that struggle. The 30 million Chinese who live outside the borders of China, the Japanese businessman waiting to get back his trade with the mainland, the Vietnam soldier standing at the risk of his life in loyalty to his country's future, the Burmese leaders who no longer dare accept aid from America—these we throw into the arms of Peking. Once we include in the United Nations those men who chose to defy the free world—as we

saw it defied in Korea—once we say to them, "Come to the tables of the Security Council, take up the veto power given to Free China, deliberate with us how to bring unity between the nations and a peaceful world"—once we take that step, free Asia is finished and with it in time the freedom of the world. We would have exchanged the birthright of freedom under God for a mess of pottage of expediency to save some trade.

I do not believe that public opinion in this country will stand for such a betrayal. The sooner we make that point unmistakably clear, the better it will be.

To illustrate the tactics which recognition of China would accelerate for the whole of Asia, I should like at this point to call attention to an article published in *This Week* magazine of April 19 entitled "Soviet Plot To Steal Iran." The writer, one of the foremost economists of the U. S. S. R. was one of those who actually helped to put into operation the plan to take over Iran, before he fled at the risk of his life to the United States. This terrifying article tells us, by one who knows, how this creeping infiltration takes over innocent peoples.

Earlier today I asked that this article be published in the Appendix of the *Record* and received approval of that request.

Let me repeat that Moscow-dominated China must not be recognized by us, and must not be admitted to the United Nations. Only when China is once more free and independent can we welcome her with open arms; and when China is once more free and independent, our hearts and our arms will be open to her again, as they have been down through the years when she was our ally.

IS THERE A POSITIVE POLICY FOR ASIA?

Does this mean, Mr. President, that our policy in Asia must be purely negative? Far from it. I believe that if we consider our experience of the past years, we can formulate a positive and winning policy which will carry with us, first of all, those of our allies who are directly engaged in this struggle in the Far East and eventually the rest of the free world.

Such unity of action is essential. A former Communist leader once said that the Kremlin feared the unity of the West more than it feared the atom bomb. It is natural for us in the United States, feeling our strength, to want to brush off allies who seem to us slow-moving. But we cannot go it alone. More than ever, as the strongest Nation on earth, we need our allies. We need to include them as much as possible in our decisions and win their loyalty to sound policies. We took this step toward unity when we joined the United Nations, and it is imperative that we pursue such cooperation to the maximum of its possibility.

This does not mean that we must wait for universal agreement before taking action. We did not do that in the case of the North Atlantic Treaty Organization. It may be we will not find such universal agreement before advancing with such of our allies as wish to do so in Asia. But we should keep in mind

the essential, basic need of our alliances, especially with Britain and France, and take every precaution of consultation with them and with other free nations.

A POSITIVE POLICY FOR ASIA AND THE WORLD— THE MUTUAL SECURITY PROGRAM

When we begin to think in terms of a positive policy the vital importance of the pending measure, S. 2128, becomes apparent. So let me analyze the MSA program as an integral part of this positive policy.

S. 2128, the pending bill, would authorize—again I emphasize "authorize" as distinguished from "appropriate"—appropriations for the Mutual Security Program for fiscal 1954. This is the third year that this program has been before the Senate and each time it has been approved by an overwhelming vote. I do not think the rationale of the program needs further elucidation. The American people have long since recognized that mutual cooperation with our allies is not only the surest and cheapest way to national security, but is, in fact, the only way. My distinguished colleague [Mr. WILEY] pointed that out earlier today.

But although the principles and objectives remain the same, the Mutual Security Program itself necessarily must be changing and flexible—different this year from what it was last year, and different next year from what it is this year.

I want to talk today about some of the changes in the program this year and about the changing world conditions which brought them about.

First of all, I want to emphasize the global, integrated nature of the program provided for by this bill. The concept of a worldwide Communist threat, to which I have just referred, and of a worldwide response to it has been embodied in the legislation this year to a greater extent than ever before.

The emphasis is redirected toward the area where the immediate threat is greatest; but since the threat is worldwide no area is neglected.

There is no question, Mr. President, that the immediate threat is greatest in the Far East, where aggression is a bloody fact and not merely a disturbing possibility. Of the \$5.2 billion in this bill which will be distributed on a geographic basis, more than \$2.4 billion, or almost half, is earmarked for the area which swings in a great arc from Turkey, the boundary of NATO, across the Middle East and South Asia, through the Indochina peninsula, and up the western Pacific to Japan. This area contains most of the people and most of the territory of the non-Communist world.

Heretofore, the bulk of the funds have gone to Europe, with a much smaller area and population but with a very much greater productive capacity. Europe will still receive slightly more than 50 percent of the funds this year, but the proportion is greatly reduced.

I particularly want to call attention to the very sharp reduction in economic assistance to Europe. The cut is from \$1.3 billion to \$500 million—and most of that smaller sum is directly related to defense production.

Europe has made truly astounding progress in nearly every respect since it began to pick up the wreckage left by World War II. Production surpasses prewar levels. Economic unification of the basic coal and steel industry is an accomplished fact.

I digress for a moment. I see the distinguished chairman of our committee is present. He will recall with me the wonderful hearings we had in the committee when Mr. Monnet, of France, the head of the Schumann plan in Luxembourg, and his German and Dutch colleagues were before us. They explained the magnificent way in which the movement to bring together Germany and France in the great undertaking of uniting the coal and steel of the Ruhr area and of northern France is progressing. Political and military unification are far advanced, although prompt ratification of the European Defense Community Treaty is vitally needed to bring a real European Army into being.

We have heard a great deal of testimony on the progress of that program. We are distressed that the so-called EDC has not moved more rapidly. The German people are eager to go ahead with it, and I believe the French, when their political troubles are ironed out, will certainly join in that important endeavor.

I am as anxious as anyone for this to happen, but I think that in our impatience we sometimes lose sight of the really revolutionary progress which has already been made with respect to unification. I am reminded of Dr. Johnson's remark when he saw a dog walking on its hind legs. "It is not done well," he said, "but you are surprised to find it done at all."

THE SPECIFIC PROBLEM OF INDOCHINA

I now turn to the specific problem of Indochina. This is one of the areas which it has been most difficult for our committee to understand. We have had difficulty in determining what would be best for us to do, but we realize the importance of Indochina, so I am giving special attention to it.

As a matter of fact, one of Europe's chief difficulties, and one of the principal obstacles to ratification of the EDC, is not to be found in Europe at all, but half the world away in Indochina.

As a result of the war in Indochina, France has been able to make only a fraction of the contribution which she otherwise could have made to the defense of Europe. The Indochina war has not only weakened France; it has weakened all of Western Europe, and indeed, the United States.

The large proportion of French resources committed in Indochina has increased French reluctance to ratify the European Defense Community Treaty. Although that treaty makes provision for overseas commitments of its member states, the French are naturally hesitant to go too far in integrating their armed forces when such a large share of their military effort is devoted to a non-European war.

The biggest boost which European defense and the EDC could receive would

be a cessation of the hostilities in Indochina.

The pending bill attacks that problem in three specific ways—through economic assistance and defense support for the Associated States of Vietnam, Laos, and Cambodia; through military end-item assistance; and through an authorization of \$400 million for financing the procurement of equipment, materials, and services for the fighting forces.

Mr. DOUGLAS. Mr. President, will the Senator yield for a question?

Mr. SMITH of New Jersey. I appreciate the Senator's desire to ask me a question, but I request that he let me finish my speech first. Then I shall be very happy to have him ask all the questions he may want to ask. In that way, it will be easier for me to maintain a continuity throughout the speech.

The PRESIDING OFFICER (Mr. HENDRICKSON in the chair). The Senator from New Jersey declines to yield.

Mr. SMITH of New Jersey. It is contemplated that most of this \$400 million will be spent in France. We will thereby receive a triple benefit:

First. The fighting forces in Indochina will get \$400 million worth of supplies which they badly need.

Second. The French budgetary position will be improved.

Third. The French dollar balance-of-payments position will be improved.

This section of the bill is a clear recognition of the interrelationships between Asia and Europe, between Indochina and France. We cannot solve our problems in one place without solving them also in the other, or, to put it more positively and hopefully, if we do solve our problems in one place, we will have made very great strides toward solving them also in the other.

It is of the utmost importance that Indochina be pacified. The free world cannot afford the continued terrible drain on French and other resources which Indochina now demands; neither can the free world afford to withdraw from Indochina. That is what we are up against. We have a difficult problem and we cannot withdraw. That would open up all of southeast Asia to Communist domination. It would deprive us of the resources of tin and rubber which are found in southeast Asia in such abundance. It would mean the loss of Indonesia and it would greatly increase the threat to India and Pakistan—and even to Australia, New Zealand, and the Philippines. It would have drastic economic repercussions on Japan which must now look to southeast Asia for the trade which it formerly carried on with China and Manchuria.

OTHER PROBLEMS OF ASIA

Mr. President, before going on to some more general remarks, I would like to touch briefly on a few more specific provisions of the bill relating to Asia.

FORMOSA

Let me first take up Formosa. Although there was some debate on the subject in 1950, today all our military experts are agreed that strategic Formosa cannot be allowed to fall into hostile hands, particularly in the hands

of Soviet Russia, if our lifeline in the Far East is to be protected.

The bill includes a substantial sum for military aid and training assistance for the Chinese Nationalist forces on Formosa. I have visited Formosa twice within the past 2 years. I have been deeply impressed by the very considerable progress which has been made in improving the morale, training, and equipment of the Chinese Nationalist forces since they arrived from the China mainland in December 1949. They are being welded into efficient fighting units and that progress can be continued under the provisions of this bill.

I may say that I am disappointed at the slowness of delivery of the equipment Congress has authorized. It has been very slow in getting to Formosa for the important job of equipping the forces which are helping us in our efforts to resist aggression. I cannot urge strongly enough the importance of speeding up deliveries to Formosa so that in order to provide adequate equipment with which to train ample divisions on Formosa in case we need such forces in any eventuality that may lie ahead.

Equally great progress has been made toward establishing a viable economy on Formosa in the face of the most difficult kinds of obstacles. The island had been exploited for years by the Japanese; it had superimposed upon it the large military establishment of the Nationalists and the hundreds of thousands of refugees who accompanied the Nationalist Government; and there was understandable friction between the native Formosan population and the mainland Chinese.

Under the able leadership of Gov. K. C. Wu, whose recent retirement I very much regret, administration and local government on the island were greatly improved. With the help of economic assistance and defense support funds from the United States, the economy has been so much strengthened that it is now possible to look forward to its becoming self-supporting in foodstuffs. The pending bill contains funds with which to hasten that day.

Formosa at the moment is the last bastion of a free and independent China, and is a vital link in a far-eastern policy aimed at securing independence, freedom, and self-containment for the countries of that area of the world. Korea, Formosa, and Indochina are three points of vital importance to us in our policy of maintaining the freedom and independence for all Asia.

JAPAN

The bill also contains funds for military assistance to Japan. The Senate will recall that the Japanese Constitution forbids the maintenance of regular army, navy, and air force establishments. The United States-Japan Security Treaty, which the Senate ratified last year, however, contemplated that Japan would assume greater and greater responsibilities for its own self-defense. The funds in this bill are designed to implement that expectation.

Although the Japanese do not have armed forces in the normal sense of the

word, they do have internal security forces which, with proper equipment, could make a significant contribution to protecting Japan from subversion at home and from direct aggression from abroad. The United States Armed Forces will be relieved of this burden to the extent that the Japanese are able to assume it, and that is the purpose of the funds provided by this bill.

With the situation in Korea as uncertain as it is, the United States—indeed, the United Nations—needs the help of a strong Japan.

INDIA AND PAKISTAN

I also wish to make special mention of India and Pakistan. The bill includes a total of \$137.5 million in technical and special economic assistance for these two countries. With the technical assistance, we will continue the technical aid activities in these countries. The special economic assistance will provide the pilot-plant portion of the capital required by each country's economic development program. I emphasize the pilot-plant portion. It would be impossible to do more than set up pilot plants for demonstration purposes in those areas. I emphasize that the bill will provide only a portion—and a fairly small portion at that—but it is nonetheless a critical portion which may mean the difference between success and failure of the Indian and Pakistani development plans. Those plans are political commitments, and if they fail, the Indian and Pakistani experiments in self-government may also fail. The people of those countries, having achieved their independence, now eagerly seek economic improvements and rising standards of living. It is in the interests of the United States that they achieve their aspirations through democratic processes and through self-help, because the alternative presented to them is the devastating example of Communist China and totalitarianism.

THE MIDDLE EAST AND FAR EAST

To summarize, Mr. President, in that very considerable part of the world between Japan and the eastern Mediterranean, this bill will authorize the spending of almost \$2½ billion. That is a great deal of money, and I could not support such an expenditure for one moment if I was not thoroughly convinced that thereby we could buy more security for the United States than we could by spending it in any other way or by not spending it at all.

But let us be under no illusions, Mr. President, that we can buy a solution in Asia with dollars alone. The dollars provided in this bill are an important element in a solution, but they will not in themselves bring one about. A great deal more is needed.

A COMMON POLICY AMONG THE ALLIES

The first thing that is needed, in my view, is agreement on a common policy with our allies in this area. We have such a common policy in Europe, and it has been markedly successful. But the fruits of our success in Europe are threatened by our lack of unity in Asia. The free Asiatic nations, the United

States, and the European nations with interests in the Far East, principally Britain and France, have got to put aside their differences and decide what their common attitude is to be toward the critical issue of Moscow-dominated Communist China, which I discussed before. None of us can make very much progress so long as we each go our separate ways. That is exactly what the Kremlin wants. In the face of the Kremlin's efforts to divide us, we have maintained our unity in Europe. Our failure to achieve unity in the Far East is due not so much to the divisive campaigns of the Kremlin as to our own inability to agree, but it has the same unfortunate results, and it gives Moscow an unearned windfall.

REGIONAL DEFENSE APPROACH

Another thing that is needed is a greater emphasis on a regional approach in our own policymaking, both in the Far East and the Middle East. I think we are getting that. Both Secretary Dulles and his Assistant Secretaries concerned with those areas are aware of the problem.

A common selective security effort, for example, requires a more unified political structure than is now available. Some sort of a regional defense alliance, modeled to a certain extent, at least, on the principle of a multilateral Monroe Doctrine, would bind each area more closely together, and would make for a more efficient military defense effort. I hope that during the next year we can make much more progress in that direction than we have been able to make so far. The pending bill includes funds to assist a Middle East Defense Organization, if one should be formed. The time has also come to push ahead toward the conclusion of a Pacific Defense Pact.

URGE FOR FREEDOM AND INDEPENDENCE

Mr. President, it is most important that we more fully recognize the intense nationalism and anticolonialism that exists among the newly independent countries of Asia and among the other countries which have not yet achieved full independence. This feeling tends to be reflected in resentment against the formerly dominant colonial power, principally our British and French friends. It is an unfortunate and unnecessary fact that a portion of this resentment is also directed against the United States.

The United States has never been a colonial power in the European sense. Where we have acquired colonial interests, our record of enlightened administration and of steady progress toward self-government and independence is second to none. Cuba, the Philippines, Puerto Rico, Hawaii, and Alaska are living testaments to our good faith in this regard. In view of our history, we could not have done otherwise. We, ourselves, were once part of a colonial empire. Americans, of all people, understand and sympathize with the desire of people everywhere to shape their own destinies and to forge their own futures.

Communist propagandists have "gotten away with murder" in peddling the spurious idea that communism is on the side of the underdog; that communism

is a revolutionary idea which can lead to self-government and independence. We have let ourselves be identified too much with the status quo, when actually democracy is itself a dynamic, revolutionary idea working for the constant betterment of human kind.

Let me sum up our far eastern policy on the security front.

First, let us consider Korea. Of course, Korea is now in a state of turmoil, and we do not know how that situation will develop. However, I believe we can work out a solution with the South Koreans.

Our policy there must be to assure a free, independent, and united country. Whatever the outcome of a temporary cease-fire truce, the goal of the political discussions to follow must be freedom, independence, unification, and rehabilitation.

In this connection I am reminded of a statement made by our distinguished colleague, the junior Senator from Vermont [Mr. FLANDERS]. His statement appears on pages 5365 and 5366 of the CONGRESSIONAL RECORD of May 20. I believe the summary he gave is worth reading into the RECORD at this time, for he made very pertinent suggestions as to what might be done in this situation. I read now from his speech of May 20:

First. Set up a neutral zone along the Yalu River covering also the Siberian frontier. This offers assurance that so long as neutrality is maintained, there will be no military action against the Manchurian border. Conversely, there can be none against Korea. This meets the only interest in the Korean conflict which the government of Communist China has admitted.

Second. Set up a commission composed entirely of Asiatic nationals to inspect and administer neutrality in this zone. This does two things. First, it removes from consideration the idea that we are seeking military advantage in the Korean Peninsula. Second, it puts a serious responsibility for the maintenance of peace on the Asiatics themselves.

Third. Proceed with the political unification of North and South Korea. The political jurisdiction of the government should extend to the Yalu but military operations would be forbidden within the neutral zone.

Fourth. Rebuild in usable form, though not elaborately, the housing, transportation, and industry of the united country. The two halves belong together—the industrial north cannot exist without other sources of food. The agricultural south needs manufactures from the outside. Together they will support each other in a standard of living that is high for Asiatic nations.

Fifth. After political integration and economic reconstruction, carry out the original United Nations purpose of free elections throughout the entire peninsula to determine the form of government under which the Korean people desire to live.

Mr. President, I read that summary into the RECORD as a tribute to the suggestion made by the Senator from Vermont, and to emphasize a program which I think we should consider at this time.

Second. We must give strong and immediate support to the French and Vietnamese in their struggle for the freedom and independence of Indochina. This is one of the clear objectives of the pending measure, as I have previously stated.

Third. We must save Formosa. Formosa is essential to our own defense, and

contains what is still the best hope for the regeneration of a free China. The record of the Nationalist Government on Formosa is abundant evidence that if this regime were ultimately to be re-established on the mainland, there could be a new era of liberty and prosperity there. As I have said, Formosa is the key to the ultimate freedom and independence of China. A free Asia depends upon a free and Independent China, and a free world depends upon a free Asia.

Fourth. We should coordinate and unify the militant forces of freedom-loving Asians of Japan, Korea, Formosa, the Philippines, and Thailand, and should relate them to the security pacts we already have with Australia and New Zealand. In other words, as I have said before, we need the Asian equivalent of a multilateral Monroe Doctrine in whatever form is practicable at this time. The same reasons exist for such an understanding and mutual support in Asia as existed in regard to such an arrangement in Europe, although the conditions may be different. If such a movement were initiated, undoubtedly Indochina, Burma, Malaya, and Indonesia would see the value of full participation.

Fifth. We should maintain and strengthen the economic life of India and Pakistan and other countries of Asia, so that they can play their greatest part in the crusade for freedom.

With India and Pakistan taking united action, even if they are ostensibly "neutral," the bonds of friendship between the Middle East and the Far East may well be strengthened. There can be no greater reason for such unity of action on the part of those two nations.

OUR GOOD FAITH

Mr. President, the keystone of our policies must be the concept of independence and self-determination for all nations. Cooperative military action to contain Communism is vital, but it is not enough. We must convince the people of Asia that we have no imperial designs—military or economic—upon them, but that we are anxious to help them gain real freedom and independence.

We need to catch the imagination of the people of Asia. We need to prove by positive actions that we are opposed to all forms of imperialism, Eastern or Western, and that we are interested in helping the Asian peoples free themselves from both the tyranny of starvation and the tyranny of communism. The world needs the release of the creative energies of the Asian peoples. Our people can help to free them from fear, can help to channel their efforts into constructive programs of self-help and mutual aid.

As I have said before—and I now repeat, for emphasis—we must start with a free and independent Korea. We must have as a foundation of our far eastern policy, an ultimately free and independent China—not by force, not by sacrificing the lives of our boys, but by using the power of the forces of freedom in this critical ideological war.

But we must have the strength of the MSA program of the pending bill, to enable us to attain these objectives by peaceful means.

In my judgment, Mr. President, this "military strength" bill is the best assurance we can have of success in achieving by peaceful means the results we seek. The Communists know what strength is, and they respect it.

THE IDEOLOGICAL WAR

But far beyond mere physical strength, Mr. President, is the irresistible power of the spirit—which we must have.

In this connection let us recognize that the ideological arm has been the major weapon of the Soviet Union in its conquest of one-third of the world. For over 30 years ideological warfare has been the object of intensive study involving great expense and the employment of every skill among the Russian people. We in the free world are only now beginning to understand the importance of ideological strategy and to sense the problems that are involved in it for us.

In the field of ideological warfare, anti-communism is not enough, nor is it enough to glorify the material advantages that have come to us in this country. We need to penetrate into the mentality of the peoples of Asia, especially the millions between us and Moscow, whose atmosphere is penetrated with Marxism, and yet who still may be won to the side of the free world. To many of us it comes as a surprise that there are degrees in the acceptance of Marxism; that there are millions who are against Moscow, and yet are Marxist in their thinking. We need to learn to present the ideology of freedom in such a way that these Marxists may be won to our side, for the world's future hinges upon the result.

Mr. President, technical aid has been a valuable arm of ideological strategy for us. That is why I am so strongly in favor of the technical-aid provisions of the pending measure.

One indication of the power of technical aid is the way it has been attacked by the Soviets themselves. To train troops so that they may help themselves increase production facilities and to spread our engineering know-how into these countries can be a tremendous asset, provided we maintain the loyalty and friendship of the people we teach.

It is easy to criticize the Voice of America. I myself have been critical of its operations. It is also easy to underestimate the difficulties that lie in the operation of psychological or spiritual warfare. The problem of the Voice is not an occasional Communist who may be discovered amongst the hundreds of loyal Americans who operate that agency. The greatest difficulty is to find common agreement as to what we want the Voice to say. We cannot blame the mouthpiece for giving an uncertain sound if the mind and spirit behind the mouthpiece is divided against itself.

Mr. President, at this point I desire to pay a special tribute to the subcommittee of the Foreign Relations Committee headed by the Senator from Iowa [Mr. HICKENLOOPER] and the Senator from Arkansas [Mr. FULBRIGHT]. That subcommittee has given months of time and study to our entire information pro-

gram, including the Voice of America. I was much impressed by the material which was produced by the subcommittee, and I urge upon my colleagues a careful study of the report of the Senator from Iowa [Mr. HICKENLOOPER], the Senator from Arkansas [Mr. FULBRIGHT], and the other members of that subcommittee. It is one of the most important contributions which has been made this year to our foreign-information program.

I also wish to express my appreciation for the splendid work done by the Senator from South Dakota [Mr. MUNDT], who worked with that committee. It was the Smith-Mundt bill of a few years ago which set this information program under way.

I think we should also give our best wishes to Mr. Robert Johnson, who has taken over the difficult task of seeing this program through.

THE BIG QUESTION IN IDEOLOGICAL STRATEGY

The great question in ideological strategy is this: How are we to present the ideology and spirit of democracy so as to win the neutralist and eventually the Communist worlds? This is the weakest point in our strategy and the reason is that it carries implications for our own living in America itself, implications that are hard to face. President Eisenhower has wisely said in his inauguration address, "Whatever we want to see happen in the world must first come to pass in the heart of America." If we present to the world an honest country admitting its mistakes, aware of its historic, moral, and spiritual foundations, if we admit that it is a daily fight for us to live the moral standards set for us by our Founding Fathers, if we acknowledge that we need help from other nations, then we may draw a response.

The ideology of the United States has been analyzed in the terms written on our money, especially in the great seal, *E pluribus unum*, and then the eye of the seal, the eye of God. Teamwork under the guidance of God can equal, as the great seal says, a new order of the ages.

If the world understands that America has an uphill fight to win that new order of the ages through a complete moral overhaul right here in America then we may well appear to the world as more deserving of the confidence that real leadership is entitled to.

We need determined people who resolve at all costs to live out the moral and spiritual principles of our American heritage, to fight for a nation that is sound and in these fundamentals united. America needs a great awakening. To the degree that an honest and just social order is seen to be our goal, without the contamination of political or economic imperialism, to that extent we can win the loyalty and trust of our fellow nations.

I am impressed by the contagion of this ideological approach by the recently reported successes of friends of mine in the moral rearmament movement in India, Pakistan, and Iran. The reports of these operations by dedicated people

are worth the careful study of all of us, but especially those who are interested in the critical war of ideas and ideals that is now being waged.

CONCLUSION

Mr. President, in conclusion, I have but a few more words to add. Let us be true to our own traditions and we will see a great many of our troubles in Asia approaching solution. And although we should not meddle in the internal affairs of other countries, neither should we lose any appropriate opportunity to urge this point of view upon our allies.

No nation is an isolated island, Mr. President. The death of a Vietnamese soldier, the execution of an anti-Communist demonstrator in Berlin, the conversion to communism of a discouraged, disillusioned Indian villager—all these things diminish human freedom and the freedom and security of the United States. By the same token, they diminish the freedom and security of Western Europe. It is as much in the interest of Western Europe to have a free, independent and prosperous Asia as it is in the interest of the United States.

Today, Mr. President, the bell is tolling in Korea, Indochina, Iran, Germany, and, indeed around the world. We have but to listen to hear it. And we know, from bitter experience, that it tolls for us, too. We know that these other places are only way stations on aggression's road to the United States.

Let us continue to meet this threat while it is still far from our shores and while we still have strong and willing allies to help us. Let us never again be too little and too late.

Communism understands the strength of armed might and respects it. We need to stand together in the free world. We need to build up the economic health of nations so that poverty and insecurity do not fight on the Communist side. But, above all, we need to win the nations of the world to a concept of freedom under God that inspires them to leave tyranny behind and make the atomic age an age of plenty and an age of peace.

These are the imperative "musts" of the mutual security program.

Mr. LANGER addressed the Senate. After having spoken about 2 hours, he said:

Mr. President, it happens that I have a very important engagement with Mr. Dallas Townsend, the new Alien Property Custodian. I will relinquish the floor, but I expect to take the floor sometime tomorrow, to present the remainder of my speech. It is about 2 hours since I started, and it is impossible for me to conclude today.

The PRESIDING OFFICER. Does the Chair correctly understand that the distinguished Senator from North Dakota is not making a unanimous-consent request that he be permitted to resume the floor tomorrow?

Mr. LANGER. I do ask unanimous consent that I may resume the floor tomorrow.

The PRESIDING OFFICER. Is there objection to the request of the Senator from North Dakota?

Mr. KNOWLAND. Mr. President, I am sure the distinguished Senator will be able to resume the floor tomorrow, because the Senate will be in session; but it is planned that the Senate remain in session at least until 6 o'clock tonight.

Mr. LANGER. There are two other speeches yet to be delivered.

Mr. KNOWLAND. I so understood, but, because the two Senators who had expected to speak were under the impression that the Senator from North Dakota would continue for some time, they have left the Senate Chamber and are not presently available. It is my intention to suggest the absence of a quorum, so that we may continue the debate.

Mr. LANGER. I intend to finish the speech sometime tomorrow.

Mr. President, I ask unanimous consent that the speech which I started to deliver to the Senate this afternoon on the subject of mutual aid may be printed on the day after tomorrow, so that it will appear in complete form.

The PRESIDING OFFICER. Without objection, it is so ordered.

[Mr. LANGER'S entire speech will be published after it shall have been completed.]

Mr. LANGER. I yield the floor for the day.

The PRESIDING OFFICER. The Senator from North Dakota yields the floor.

Mr. KNOWLAND. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for a quorum-call be rescinded, and that further proceedings under the call be suspended.

The PRESIDING OFFICER. Without objection, it is so ordered.

ALLOCATION OF FUNDS FOR EMERGENCY RELIEF IN DISASTER AREAS

Mr. KNOWLAND. Mr. President, I think the Senate will be interested in a bulletin which came over the news ticker a short time ago, and which I now read:

WASHINGTON.—President Eisenhower decided today to allocate \$8 million in emergency relief to 152 drought-stricken counties in Texas and 40 in Oklahoma.

The White House said the formal allocation probably will be made later today.

The announcement was made after the President met with Secretary of Agriculture Benson, just back from an inspection of the Texas drought area, with Val Peterson and Budget Director Joseph Dodge sitting in.

Benson told reporters two immediate actions will be taken:

1. Emergency feed products will be made available to livestock growers "at a level somewhat below the support level" for the cottonseed cake, corn and other feeds involved. These feeds will come from the stocks of the Commodity Credit Corporation and any losses to the CCC will be made up from the President's emergency fund.

2. The President will ask the Interstate Commerce Commission to permit railroads to lower freight rates on feed going into the drought area or on cattle being shipped out to regions where feed is available.

Benson said the third major need of the affected region—extension of credit—will be covered in still another program which he hopes to announce later this week.

The Secretary said all farmers in the drought area will be eligible for assistance "if they can show need."

Claims for help, he said, will be passed on by a five-member committee in each county.

Benson said he talked with farmers from drought-afflicted regions of Colorado, Kansas, and New Mexico, as well as those from Texas and Oklahoma, while on his weekend inspection tour. Asked if Federal aid would be allocated to the other States, he replied: "That depends largely on the moisture from above."

Benson added, "It is quite probable that counties in the three States will request help."

The Texas and Oklahoma counties to be declared disaster areas by the President were to be made public later in the day.

RESOLUTION CONDEMNING EFFORTS TO DISRUPT THE PRESENT FARM STABILIZATION PROGRAM

Mr. YOUNG. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a resolution adopted by the Rolla Commercial Club, of Rolla, N. Dak. It has come to me in a rather unique form, in an advertisement published in the Turtle Mountain Star, of Rolla, N. Dak. I should like to read a small part of it, and then have the complete resolution printed in the RECORD as part of my remarks. I read:

That we go on record condemning any effort on the part of any Congressman, the Department of Agriculture, or any agency, for attempting to disrupt the present farm stabilization program, affecting all basic farm commodities.

We further resolve that Congress shall not only maintain 90 percent of parity, but shall endeavor to establish 100 percent of parity for basic farm commodities. We do not favor any tendency toward flexibility of price support, but urge Congress to maintain a production-control program which is essential in order to have stabilized price support.

This resolution certainly gives ample proof that not only are the great majority of worthy farmers opposed to flexible price supports but businessmen as well. I subscribe completely to their views.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

Since the State of North Dakota is a major agricultural State, the businessmen of this city feel that it is most imperative that we work side by side with all those who are attempting to maintain a farm program which will enrich and develop the agricultural activities wherever they are a major industry of source of livelihood. In view of the above conclusion, the Rolla Commercial Club has adopted the following resolution:

"Resolved, That we go on record condemning any effort on the part of any Congressman, the Department of Agriculture, or any

agency for attempting to disrupt the present farm stabilization program, affecting all basic farm commodities.

"We further resolve that Congress shall not only maintain 90 percent of parity, but shall endeavor to establish 100 percent of parity for basic farm commodities. We do not favor any tendency toward flexibility of price support, but urge Congress to maintain a production-control program which is essential in order to have stabilized price support.

"We further resolve to condemn any form of prosperity based on war and bloodshed, but favor a genuinely sane and sound economic program, particularly for the producer, which shall be based on industry, security, and individual initiative.

"We further urge all business groups in other cities of this State as well as those of other agricultural States to go on record favoring similar resolutions."

(Copies of this resolution have been sent to the North Dakota United States Senators and Representatives in Washington, D. C.)

Rolla Commercial Club, Boucher's Dray, Brown's Standard Service, Bun's Barber Shop, C & L Jewelers, Cecile's Beauty Shop, Clara's Style Shop, Clark Motor Service, Club Bar, Coghlan Construction Co., Corner Drug Store, Darling's Service, Debe's Beauty Parlor, Doucette's Barber Shop, Elliott's Service, Fagerlund Implement Co., Fairmont Foods Co., Fairway Store, Farmers Grain Co., Farmers Union Insurance, Farmers Union Oil Co., Foley Furniture and Funeral Home, Foussard Motor Sales, Galbrecht's Service, Golden Rule, Dr. E. H. Goodman, Great Northern Railway, Great Plains Supply Co., Hagen's Food Market, John B. Hart, Herb's Clothing Store, Dr. D. L. Hoels, Jacobsen Hardware, Keegan Brothers, Kennedy's, Klein's Jewelry, Larson Grain Co., Malo's Bar, Martel and Juntunen Oil Co., Marchand Lumber Co., Matson Brothers, Michel's Dray, Dr. A. M. Miles, Mongeon's Variety, Munro Hardware, Murray Furniture and Funeral Home, Neameyer Auto Service, Northwestern Bell Telephone Co., O. K. Rubber Welders, Otter Tail Power Co., Red Owl Store, Rolette County Abstract Co., Rolette County Bank, Rolla Bakery, Rolla Cafe, Rolla Cleaners, Rolla Drug, Rolla Implement Co., Rolla Mercantile Co., Rolla Oil Co., Rolla Sanitary Dairy, Rolla Theater, Sibert Electric, Dr. M. E. Skinner, Skogmos, Stormon and Stormon, Super Vau, Ted's Pure Oil Service, Theel Chevrolet Co., Thelma Munro Hotel, Turtle Mountain Star, Valikai Radio & Magneto Service, Vendome Cafe, Vendome Hotel, Vendome Liquor Lounge, Wayne's Grocery and Gift Store, Wes' Motor Service.

ORDER OF BUSINESS—RECESS

Mr. KNOWLAND. Mr. President, earlier in the day I made a general announcement as to the legislative program for the remainder of the week. I had hoped that other Senators who intend to speak on the pending bill would be ready to speak today. I was planning to hold the Senate in session until 6 o'clock or 6:30 o'clock this evening, but because a number of Senators are not ready to proceed today, I am about to move a recess until to-morrow at 12 o'clock. I should like the Senate, how-

ever, to be on notice that if we are to avoid a session on Friday, the third of July, and in the meantime to complete the work on both the mutual-aid bill and the bill for the extension of reciprocal-trade treaties, it will be necessary, I believe, to hold some evening sessions this week. I hope the Senate will not have to remain in session too far into the evening, but, nevertheless, I desire Senators to be on notice in making their plans that tomorrow, Wednesday, and the following day, Thursday, they should be prepared for evening sessions of the Senate.

As previously announced, we plan to meet at 10 o'clock on Wednesday morning, and, immediately following a quorum call, a period of time will be devoted

to eulogies honoring the memory of our late colleague, Senator Smith, of North Carolina. Following that commemorative program we shall return to consideration of the unfinished business, and, when that has been completed, we shall move on to consideration of the next bill.

RECESS

Mr. KNOWLAND. Mr. President, if there be no further business to come before the Senate, I now move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 4 o'clock and 57 minutes p. m.) the Senate took a recess until tomorrow, Tuesday, June 30, 1953, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate June 29 (legislative day of June 27), 1953:

Col. Eugene Mead Caffey, O9329, Judge Advocate General's Corps, United States Army, for temporary appointment as brigadier general in the Army of the United States under the provisions of subsection 515 (c) of the Officer Personnel Act of 1947.

WITHDRAWAL

Executive nomination withdrawn from the Senate June 29 (legislative day of June 27), 1953:

MUNICIPAL COURT FOR THE DISTRICT OF
COLUMBIA

Grace M. Stewart, associate judge.

and eradication of scrapie and blue tongue in sheep; S. 2163, to authorize conveyance of certain lands in the U. S. cottonfield station near Statesville, N. C., to the State; and S. 725, to amend the act authorizing and directing a national survey of forest resources so as to include U. S. Territories and possessions; and

Amended—S. 1276, to amend the Bankhead-Jones Farm Tenant Act in order to increase the interest rate on loans made under title I of such act; S. 1367, to extend for 4 years the authority of Federal Crop Insurance Corporation to expand the crop-insurance program into additional counties; S. 984, to provide for the conveyance of certain national forest land in Basalt, Colo.; and S. 1152, to extend for 5 years the authority of the Secretary of Agriculture to make loans to fur farmers.

Also, the committee gave its approval to the introduction of an original resolution which would provide funds to continue the investigation of Canadian wheat imported as unfit for human consumption.

In an afternoon session, committee ordered favorably reported the nomination of Robert Burns McLeaish, of Texas, to be Administrator of the Farmers' Home Administration, prior to which the nominee testified in behalf of his own nomination.

APPROPRIATIONS—AIR FORCE

Committee on Appropriations: Armed Services Subcommittee continued its executive hearings on H. R. 5969, Defense Department appropriations for 1954, with testimony today in behalf of funds for Air Force maintenance and operations from the following Air Force representatives: Maj. Gen. M. J. Asensio, Director of the Budget, Deputy Chief of Staff, Comptroller; Brig. Gen. F. J. Dau, Deputy Director, Directorate of Supply and Services, Headquarters, Air Materiel Command; Maj. Gen. O. S. Picher, Assistant for Programing, Deputy Chief of Staff, Operations; Maj. Gen. N. B. Harbold, Director of Training, Deputy Chief of Staff, Personnel; and Brig. Gen. Olin F. McIlnay, Director of Plans and Hospitalization, Air Staff.

Subcommittee recessed subject to call.

APPROPRIATIONS—DISTRICT OF COLUMBIA

Committee on Appropriations: Subcommittee concluded hearings on H. R. 5471, District of Columbia appropriations for 1954, with testimony from Val Peterson, Administrator, Federal Civil Defense Administration, and numerous D. C. citizens. Subcommittee recessed subject to call.

MILITARY CONSTRUCTION

Committee on Armed Services: Subcommittee on Real Estate and Military Construction ordered favorably reported to the full committee with amendments, S. 1995, to provide certain construction and other authority for the military departments in time of war or national emergency. Prior to its approval, subcommittee heard

testimony favoring its enactment from John C. Houston, Jr., Acting Chairman of the Munitions Board.

SALE OF GOVERNMENT-OWNED RUBBER PLANTS

Committee on Banking and Currency: Continuing its hearings on S. 2047, to amend the Rubber Act of 1948 to provide for the sale of Government-owned rubber-producing facilities, committee heard testimony, as indicated, from the following witnesses:

Albert J. Rosenthal, General Counsel, Small Defense Plants Administration, who supported those provisions of the bill assuring small business a fair share of synthetic rubber;

Frederick D. Bates, Jr., Chief, Chemicals and Rubber Division, Office of Materials Specialists, Munitions Board, Defense Department, who favored enactment of S. 2047 and suggested that there should be a national security clause for transfer of the plants; and

Lawrence Brown, Director of Research, Publicker Industries, Philadelphia, who suggested certain amendments to the bill to release the alcohol butadiene plants.

Hearings will continue July 1.

MUTUAL SECURITY

Committee on Foreign Relations: Committee met in executive session, after which it announced its agreement to accept amendments proposed by the Committee on Armed Services to S. 2128, to extend the mutual security program for fiscal year 1954.

DOUBLE TAXATION CONVENTIONS

Committee on Foreign Relations: Subcommittee held hearings on the following double taxation conventions: Executive I, 81st Congress, 1st session, and Executive A, 83d Congress, 1st session (both income tax, Belgium); Executive I, 83d Congress, 1st session (income tax, Australia); Executive J, 83d Congress, 1st session (estate tax, Australia); Executive K, 83d Congress, 1st session (gift tax, Australia). Testimony was received from the following witnesses, all of whom favored ratification of these treaties: Dan Throop Smith, Special Assistant to the Secretary of the Treasury; Eldon P. King, Special Deputy Commissioner, Bureau of Internal Revenue; Ellsworth C. Alvord, U. S. Council of the International Chamber of Commerce; Mitchell B. Carroll, National Foreign Trade Council; and Howard A. Bachrach. Subcommittee recessed subject to call.

HAWAII STATEHOOD

Committee on Interior and Insular Affairs: Committee held hearings on S. 49, to grant statehood to Hawaii, with testimony from Delegate Farrington, who submitted a general statement in behalf of the case for statehood for Hawaii. Committee also heard testimony from C. Nils Tavares, chairman of the Hawaii Statehood

Daily Digest

HIGHLIGHTS

Both Houses cleared for President bill on military uniforms.

Senate cleared for President bills continuing appropriations and on veterans' housing, passed bill on executive powers extension, and debated mutual security.

House deferred indefinitely consideration of excess-profits tax extension.

Senate committees approved miscellaneous bills and nominations.

Defense Department appropriation bill for 1954 cleared for House debate by Rules Committee.

Conferees reached agreement on bill on housing amendments.

Senate

Chamber Action

Routine Proceedings, pages 7763-7779

Bills Introduced: 9 bills and 1 resolution were introduced, as follows: S. 2233 to S. 2241; and S. J. Res. 93.

Page 7770

Bills Reported: Reports were made as follows:

S. 119, to provide for the construction of the Markham Ferry project on the Grand River in Oklahoma (S. Rept. 475);

H. J. Res. 285, providing for a 1-month extension of certain emergency powers of the President, with amendment (S. Rept. 476);

S. 2239, to amend the Atomic Energy Act relative to long-term electric-utility contracts (S. Rept. 477); and

H. R. 5246, Labor-Health, Education, and Welfare appropriations for 1954, with amendments (S. Rept. 478).

Page 7765

Bill Referred: One House-passed bill was referred to appropriate committee.

Page 7775

Temporary Appropriations: H. J. Res. 287, making temporary appropriations for fiscal year 1954, was passed without amendment, clearing bill for the President.

Page 7779

Veterans' Housing: Senate concurred in House amendments to S. 1376, to extend the provisions of the National Housing Act respecting housing to veterans who served not only during World War II but also prior to such date thereafter as the President shall determine, clearing bill for the President.

Page 7776

Housing: Conference was requested on S. 2103, to amend the National Housing Act and other laws relat-

ing to housing, and Senators Capehart, Bennett, Bricker, Bush, Maybank, Robertson, and Sparkman were appointed as conferees.

Pages 7776-7779

Military Uniforms: Conference report was adopted on S. 1550, authorizing the President to prescribe the occasions upon which the uniform of any of the Armed Forces may be worn by persons honorably discharged therefrom, clearing the bill for the President.

Page 7779

Executive Powers Extension: Senate passed with committee amendment H. J. Res. 285, providing for a 1-month extension of certain emergency powers of the President.

Page 7765

Mutual Security: Senate began consideration of S. 2128, to extend the mutual security program for fiscal year 1954.

Pages 7781-7793

Nomination: 1 Army nomination was received, along with 1 civilian withdrawal.

Page 7794

Program for Tuesday: Senate recessed at 4:57 p. m. until noon Tuesday, June 30, when it will continue on S. 2128, to extend the mutual security program for fiscal year 1954.

Committee Meetings

(Committees not listed did not meet)

MISCELLANEOUS BILLS

Committee on Agriculture and Forestry: Committee, in executive session, ordered favorably reported the following bills:

Without amendment—S. 1400, to release the reversionary rights of the U. S. in a tract of land located in Wake County, N. C.; S. 2055, to provide for the control

S. 2055, to provide for control and eradication of scrapie and blue tongue in sheep (S. Rept. 487)(p. 7867).

14. HOUSING LOANS. Agreed to the House amendment to S. 1993, to amend the National Housing Act and the Servicemen's Readjustment Act of 1944 (pp. 7870-1). The bill extends the VA direct-loan program for 1 year, authorizes \$25,000,000 each quarter, increases the maximum interest rate on direct loans to 4½%, and provides that the interest rate fixed on direct loans shall be the same as that on the regular guaranteed home loans. This bill will now be sent to the President.
15. NOMINATION. Confirmed the nomination of Robert B. McLeaish to be Administrator of the Farmers' Home Administration (p. 7863).
16. ELECTRIFICATION. Received a Wis. Legislature resolution supporting REA (p. 7864).
17. ST. LAWRENCE WATERWAY. Sen. Wiley inserted a Wis. Federation of Labor resolution favoring this project (p. 7865).
18. TREATIES. Sens. Williams and Wiley inserted Del. and Colo. Legislature resolutions favoring the Bricker resolution to limit treaty powers (pp. 7864-6).
19. IMMIGRATION. Sen. Humphrey inserted a Minn. Federation of Women's Clubs resolution favoring immigration of 240,000 refugees (p. 7964).
20. BANKING AND CURRENCY. Sen. Potter inserted and criticized answers of the Treasury Department to his questions regarding changes in operation of the Export-Import Bank under Reorganization Plan 5 (pp. 7888-92).
21. FOREIGN AID. Continued debate on S. 2128, to extend the Mutual Security Act (pp. 7871-83, 7892-7, 7903-63).
 - Agreed to the following amendments:
 - By Sen. Johnson, Tex., to authorize the President to withhold \$1 billion of funds pending adoption of the European defense pact (pp. 7871-3).
 - By Sen. Wiley, authorizing the President to transfer between appropriations of up to 15 percent (rather than 10 percent) of the aggregate of such authorized appropriations (pp. 7874-83, 7892-7, 7903-47).
 - Rejected the following amendments:
 - By Sen. Dirksen, 28-42, to make available \$25,000,000 for the purchase of surplus CCC commodities for use of Asia-Pacific countries (pp. 7949-53), after rejecting Sen. McCarran's amendment to this amendment to increase the amount to \$35,000,000 (p. 7952).
 - By Sen. Dirksen, to provide that at least half of the authorized appropriations for use of NATO countries shall be in the form of loans (p. 7953).
 - By Sen. Humphrey, 12-54, to authorize the President to make available for purchase up to \$50 million of surplus CCC commodities for relief of famine in friendly countries (pp. 7954-63).
 - During the debate Sen. Langer defended the rejection of the British bid on power generators and transformers for the Chief Joseph Dam, criticized Britain for being the only country out of 46 nations which has failed to sign the new International Wheat Agreement, claimed the Point 4 program has failed, and asked how any Senator who comes from a farming State can vote for the pending bill (pp. 7927-33).

BILLS INTRODUCED

22. PERSONNEL. H. R. 5998, to provide that judicial review of dismissals for cause from the classified civil service may be had in the U. S. district courts; to Post Office and Civil Service Committee, by Rep. Fino (p. 7861).
23. DROUGHT RELIEF. H. R. 6009, by Rep. Thompson, Tex., to provide assistance to farmers and stockmen in areas where a production disaster caused by severe drought has occurred; to Agriculture Committee (p. 7861). Also H. R. 6014, by Rep. Mills (p. 7862).
24. H. R. 6010, by Rep. Trimble, to aid the drought-stricken areas of the U. S.; to Agriculture Committee (p. 7861).
24. FUR-FARMER LOANS. H. R. 6013, by Rep. Hill, to extend for 5 years the authority of this Department to make loans to fur farmers; to Agriculture Committee (p. 7862).
25. FOREIGN RELIEF. H. R. 6016, by Rep. Hope, to authorize the Commodity Credit Corporation to make agricultural commodities owned by it available to the President for the purpose of enabling the President to assist in meeting family or other urgent relief requirements in countries friendly to the U. S.; to Agriculture Committee (p. 7862). Also S. 2249, by Sen. Aiken; to Agriculture and Forestry Committee (p. 7867). Remarks of Sen. Aiken on the bill (pp. 7887-8).
26. FARM LOANS. S. 2242, by Sen. Aiken, "to amend the Bankhead-Jones Farm Tenant Act"; to Agriculture and Forestry Committee (p. 7867).

ITEMS IN APPENDIX

27. ELECTRIFICATION. Rep. Perkins inserted Gordon R. Clapp's recent statement on policies toward TVA and REA and stating that "it is quite evident to the REA and TVA people that their backs are against the wall" (pp. A4181-2).
28. CONSERVATION. Rep. Grant inserted C. D. Kelley's address outlining plans for success in conservation movements, opposing the stockmen's grazing bill, and criticizing proposed reductions in appropriations for watershed programs (pp. A4182-4).
29. DROUGHT RELIEF. Extension of remarks of Rep. Edmondson urging immediate aid for drought relief areas and inserting requests from constituents (pp. A4191, 4193-5).
30. DISASTER RELIEF. Rep. Donohue inserted a Boston Post editorial and a Mass. Legislature resolution urging more Federal aid to tornado-stricken areas (p. A4204). Rep. Lane inserted a Boston Post article claiming an "Administration's brush-off of the tornado crisis" (p. A4205).
31. DAIRY INDUSTRY. Rep. Laird inserted an American Dairy Ass'n letter to newspaper editors, "Have You Been Fair With Dairy Farmers?" (pp. A4204-5).
32. WATER CONSERVATION. Rep. George inserted a newspaper editorial discussing increased water consumption and the importance of water projects (p. A4207).
33. OLEOMARGARINE. Rep. Rivers inserted a Washington Post editorial saying the butter-buying program is a threat to the margarine industry (p. A4212).
34. FOREIGN AID. Rep. Herrow inserted a New York Times editorial favoring shipment of wheat to Pakistan (p. A4217).

percent and provides that the interest rate fixed on direct loans shall be the same as that on the regular guaranteed home loans. Thus we will never again have the situation arise where one group of veterans will be required to pay 4-percent interest on a home loan and another 4½ percent, as has been the case during the past 2 months.

Both bills also make it perfectly clear that the Veterans' Administration, with the concurrence of the Secretary of the Treasury, has the right to lower the interest rate on home loans below 4½ percent as well as to increase them to 4½ percent.

I move that the Senate concur in the House amendment.

The motion was agreed to.

MUTUAL SECURITY ACT OF 1951, AS AMENDED

The VICE PRESIDENT. The Chair lays before the Senate the unfinished business, which is S. 2128.

The Senate resumed the consideration of the bill (S. 2128) to amend the Mutual Security Act of 1951, as amended, and for other purposes.

The VICE PRESIDENT. The amendments of the Committee on Armed Services will be stated.

The amendments of the Committee on Armed Services were, on page 3, line 14, after the word "may", to strike out "make available" and insert "expend"; at the beginning of line 20, to strike out "made" and insert "to be made"; in line 23, after the word "States", to strike out the colon and the following proviso:

Provided, That in the event of the cessation of hostilities in which such forces are engaged, the funds authorized to be made available under this section and remaining unexpended, may be made available for economic and technical assistance, and rehabilitation and relief, in those portions of the Associated States of Cambodia, Laos, and Vietnam, which the President determines not to be under Communist control.

And on page 16, after line 11, to strike out:

(2) Amend section 521 by striking out the words "the administrative and operating expenses of" in the next to the last sentence.

(3) Add the following new section:

"Sec. 549. Use of foreign currency or credits: There is hereby authorized to be made available for the fiscal year 1954 for the purpose of this act, not to exceed the equivalent of \$98,396,000 in foreign currencies or credits owed to or owned by the United States: *Provided, That, in addition, any foreign currencies or credits owed to or owned by the United States are authorized to be continued available for use for liquidation of obligations incurred against such currencies prior to July 1, 1953.*"

And insert:

(2) Amend section 521 by striking out the next to the last sentence thereof.

(3) Add the following new section:

"Sec. 549. Use of foreign currency or credits: Foreign currencies or credits owed to or owned by the United States shall be used to carry out the purposes of this act but only after reimbursement is made therefor to the Treasury from funds appropriated to carry out such purposes: *Provided, That such currencies or credits are authorized to be made available for use without reimbursement to the Treasury for liquidation of obligations*

legally incurred against such currencies prior to July 1, 1953."

So as to make the bill read:

Be it enacted, etc., That this act may be cited as the "Mutual Security Act of 1953."

CHAPTER I—MUTUAL DEFENSE MATERIEL AND TRAINING

SEC. 101. Authorization of appropriation: Amend the Mutual Security Act of 1951, as amended, by adding the following new section:

"Sec. 540. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$3,681,523,000 to carry out the provisions of sections 101 (a) (1) (relating to military assistance for Europe), 201 (relating to military assistance for the Near East and Africa), 301 (relating to military and other assistance for Asia and the Pacific), and 401 (relating to military assistance for Latin America) of this act, of which \$2,179,689,870 is authorized to be appropriated under section 101 (a) (1), \$405,212,637 is authorized to be appropriated under section 201, \$1,081,620,493 is authorized to be appropriated under section 301, and \$15 million is authorized to be appropriated under section 401."

CHAPTER II—MUTUAL DEFENSE FINANCING

SEC. 201. Authorization of appropriations: Amend the Mutual Security Act of 1951, as amended, by adding the following new sections:

"Sec. 541. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$984 million to carry out the provisions of sections 101 (a) (2) (relating to defense support and economic assistance for Europe), 102 (relating to defense production financing for France and the United Kingdom), 302 (a) (relating to defense support, economic and technical assistance) for the National Government of the Republic of China and the Associated States of Cambodia, Laos, and Vietnam, and 304 (relating to defense production financing) of this act."

"Sec. 102. Of the funds authorized by section 541 of this act, the President may make available, on such terms and conditions, including transfer of funds, as he may specify (a) not to exceed \$100 million for manufacture in France of artillery, ammunition, and semiautomatic weapons required by French forces for the defense of the North Atlantic area, and (b) not to exceed \$100 million for manufacture in the United Kingdom of military aircraft required by United Kingdom forces for the defense of the North Atlantic area."

"Sec. 304. Of the funds authorized by section 541 of this act, the President may expend, on such terms and conditions, including transfer of funds, as he may specify, not to exceed \$400 million for the procurement of equipment, materials, and services (as defined in section 411 (containing definitions) of the Mutual Defense Assistance Act of 1949, as amended), which are required by and are to be made available to, or are necessary for the support of, the forces of France and the Associated States of Cambodia, Laos, and Vietnam located in such Associated States."

CHAPTER III—MUTUAL SPECIAL WEAPONS PLANNING

SEC. 301. Authorization of appropriation: Amend the Mutual Security Act of 1951, as amended, by adding the following new section:

"Sec. 542. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$100 million for the purpose of furnishing special weapons to nations eligible to receive military assistance under this act or to the international organizations referred to in section 2 (b) (A) and 2 (b) (C) of this act: *Provided, That, prior to the obligation of funds for this*

purpose, the President shall determine that such obligation is in the security interest of the United States and is in furtherance of the policies and purposes of the Mutual Defense Assistance Act of 1949, as amended: *And provided further, That, prior to the transfer of such weapons, the President shall determine that (a) the recipient is adequately prepared to safeguard the security of such weapons; (b) that the transfer of such weapons will be in the security interest of the United States; and (c) that such transfer will further the purposes and policies of the Mutual Defense Assistance Act. Nothing contained in this section shall alter, amend, revoke, repeal, or otherwise affect the provisions of any law restricting, limiting, or prohibiting the transfer of any such weapons. Notwithstanding any other provisions of this act, funds made available pursuant to this section may be used only for the purpose of this section.*"

CHAPTER IV—MUTUAL DEVELOPMENT AND TECHNICAL PROGRESS

SEC. 401. Authorization of appropriation: Amend the Mutual Security Act of 1951, as amended, by adding the following new section:

"Sec. 543. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$140,234,500 to carry out the provisions of sections 203 (relating to economic and technical assistance for the Near East and Africa), 302 (a) (relating to defense support, economic and technical assistance) other than for the National Government of the Republic of China and the Associated States of Cambodia, Laos, and Vietnam, and 402 (relating to technical assistance for Latin America) of this act."

SEC. 402. Authorization of appropriation for basic materials: At the end of section 514 (relating to basic materials) of the Mutual Security Act of 1951, as amended, add the following sentence: "There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$15 million to carry out the provisions of this section."

SEC. 403. Special economic assistance in the Near East and Africa: Amend section 206 of the Mutual Security Act of 1951, as amended, to read as follows:

"Sec. 206. In order to further the purpose of this act in the Near East and Africa, there is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$194 million to be used, on such terms and conditions as he may specify, to furnish special economic assistance designed to promote the economic development of the area, for relief and rehabilitation of refugees in the area, and for other types of economic assistance to assist in maintaining economic and political stability in the area. The applicable provisions of the Act for International Development (64 Stat. 204; 22 U. S. C. 1557), except the provisions relating to the purpose for which assistance may be given, or of section 503 (b) (3) of this act, shall apply to the expenditure of funds pursuant to this section to the extent that they are not inconsistent with the purposes of this section."

SEC. 404. Special economic assistance for India and Pakistan: Amend section 302 (relating to economic and technical assistance for Asia and the Pacific) of the Mutual Security Act of 1951, as amended, by redesignating subsection (b) as (c) and adding the following new subsection (b):

"(b) In order to further the purpose of this act in India and Pakistan, there is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$94,400,000 to be used, on such terms and conditions as he may specify, to furnish special economic assistance designed to promote the economic development of such countries, and to assist in maintaining economic and political stability therein. The

applicable provisions of the Act for International Development, except the provisions relating to the purpose for which assistance may be given, or of section 503 (b) (3) of this act, shall apply to the expenditure of funds pursuant to this section to the extent that they are not inconsistent with the purposes of this section."

CHAPTER V—MULTILATERAL ORGANIZATIONS

SEC. 501. Movement of migrants: Add the following new sentence to section 534 (relating to the movement of migrants) of the Mutual Security Act of 1951, as amended: "There is hereby authorized to be appropriated to the President not to exceed \$10 million for contributions during the calendar year 1954 to the Intergovernmental Committee for European Migration."

SEC. 502. Multilateral technical cooperation and children's welfare: Amend the Mutual Security Act of 1951, as amended, by adding the following new sections:

"SEC. 544. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$13,750,000 for multilateral technical cooperation under section 404 (b) of the Act for International Development."

"SEC. 545. There is hereby authorized to be appropriated to the President not to exceed \$13 million for contributions during the calendar year 1954 for the support of international children's welfare work in such manner and on such terms and conditions as he may deem to be in the interests of the United States."

SEC. 503. Ocean freight on relief shipments: Add the following new sentence to section 535 (relating to the payment of ocean freight charges on voluntary relief shipments) of the Mutual Security Act of 1951, as amended: "There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$1,825,000 for use in paying ocean freight charges under section 117 (c) of the Economic Cooperation Act of 1948, as amended."

SEC. 504. United Nations Korean Reconstruction Agency: Amend section 303 (a) (relating to Korean relief) of the Mutual Security Act of 1951, as amended, as follows:

(a) Add the following new sentence: "There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$71 million for making contributions to the United Nations Korean Reconstruction Agency, or such other agency as the President may direct."

(b) In the third sentence of section 303 (a) strike out "\$67,500,000" and insert "\$40,750,000."

CHAPTER VI—FURTHER CHANGES IN EXISTING MUTUAL SECURITY LEGISLATION

SEC. 601. Amend the Mutual Security Act of 1951, as amended, by adding the following new sections:

"SEC. 546. Whenever the President determines it to be necessary for the purpose of this act, (a) not to exceed 10 percent of the aggregate of the appropriations made available for section 101 (a) (1) and section 541 of this act, for any fiscal year, may be transferred between appropriations made available for either of such sections: *Provided*, That such funds after transfer may be used only for the purposes of sections 101 (a) (1) or 101 (a) (2); and (b) not to exceed 10 percent of the funds made available pursuant to the authorization contained in any of chapters II, IV, and V of the Mutual Security Act of 1953 for the fiscal year 1954 may be transferred to and consolidated with funds made available pursuant to the authorization contained in any other of such chapters. Whenever the President makes any such determination, he shall forthwith notify the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives."

"SEC. 547. The unexpended balance under each paragraph of title III, Mutual Security, of the Supplemental Appropriation Act, 1953, is hereby authorized to be continued available for its original purposes through June 30, 1954, and may be consolidated with the appropriate fiscal year 1954 appropriation made for the same general purpose under the authority of this act."

SEC. 602. Escapees: Paragraph 101 (a) (1) of title I (relating to Europe) of the Mutual Security Act of 1951, as amended, is amended by deleting the word "similarly" before the word "determined" and by inserting "or any Communist-dominated or Communist-occupied areas of Asia," after "and any other countries absorbed by the Soviet Union," and, at the end of that sentence, strike out "and to the security of the United States" and insert "or to the security of the United States."

SEC. 603. Military aid in the Near East and Africa: Title II (relating to the Near East and Africa) of the Mutual Security Act of 1951, as amended, is further amended as follows:

(a) Amend section 201 (relating to military assistance) by inserting "and by furnishing other military assistance in the area of the Near East and Africa" after "Greece, Turkey, and Iran," and by inserting "and for furnishing other military assistance in the area of the Near East and Africa pursuant to section 202" after "and for furnishing assistance to Iran pursuant to the provisions of the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1571-1604)."

(b) Amend section 202 (relating to military assistance) to read as follows:

"Whenever the President determines that such action is essential for the purpose of this act, he may utilize the funds made available pursuant to section 201 in order to provide assistance, pursuant to the provisions of the Mutual Defense Assistance Act of 1949, as amended, in the area of the Near East and Africa. Such assistance may be furnished to any organization created pursuant to a regional defense arrangement in the area to which the United States shall have become a party, to any nation in the general area participating in such an arrangement, or to any other nation in the general area which the President determines to be of direct importance to the defense of the area and whose increased ability to defend itself the President determines to be important to the security of the United States (any such determination to be reported forthwith the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives, and the Committees on Armed Services of the Senate and of the House of Representatives). No assistance shall be furnished under this section unless the recipient nation (1) has agreed (a) that the equipment, materials, or services provided will be used solely to maintain its internal security, its legitimate self-defense, or to permit it to participate in the defense of the area, or in United Nations collective security arrangements and measures, and (b) that it will not undertake any act of aggression against any other nation, and (2) has complied with such of the conditions set forth in section 511 (a) of this act and section 402 of the Mutual Defense Assistance Act of 1949, as amended, as the President shall find to be essential to the accomplishment of the purposes of this section."

SEC. 604. Authority for assistance to Korea: Title III (relating to Asia and the Pacific) of the Mutual Security Act of 1951, as amended, is further amended as follows: In the first sentence of section 302 (a) (relating to economic aid and technical assistance) strike out "but not including the Republic of Korea."

SEC. 605. Title V (relating to organization and general provisions) of the Mutual Security

Act of 1951, as amended, is further amended as follows:

(a) Personnel ceiling exemption for new military assistance programs: Amend section 504 (d) (relating to reduction in personnel) by changing the period at the end of the section to a colon and by adding the following proviso: "*Provided further*, That after July 1, 1953, the following categories of civilian employees and military personnel carrying out programs under the Mutual Defense Assistance Act of 1949, as amended, shall be in addition to the personnel ceiling established under the second and third provisos of this section:

"(1) Civilian employees and military personnel carrying out such programs in the Associated States of Cambodia, Laos, and Vietnam, over and above the number so engaged before July 1, 1953,

"(2) Civilian employees and military personnel carrying out such programs for any countries in which no such programs were in operation on July 1, 1953,

"(3) Civilian employees and military personnel carrying out such programs for international organizations and headquarters established after July 1, 1953."

(b) Special use of funds: Amend section 513 (b) (relating to special use of funds) to read as follows:

"(b) Not more than \$100 million of the funds made available under this act, of which not more than \$20 million may be allocated to any one country, may be used in any fiscal year by the President, to be expended, without regard to the requirements of this act, or any other act for which funds are authorized by this act, in furtherance of the purposes of such acts, when the President determines that such use is important to the security of the United States. The President shall notify the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives upon making any such determination."

(c) Termination of program: Amend section 530 (a) (relating to the expiration of the Mutual Security Program) to read as follows:

"SEC. 530. (a) After June 30, 1956, or after a date specified in a concurrent resolution passed by the two Houses of Congress, whichever is the earlier, none of the authority conferred by this act or by the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1571-1604), may be exercised; except that following such date—

"(1) equipment, materials, commodities, and services with respect to which procurement for, shipment to, or delivery in a recipient country had been authorized prior to such date may be transferred to such country, and

"(2) funds appropriated under the authority of this act shall, if obligated before such date, remain available for expenditure for 3 years following such date, and shall be available during such period for obligation: (A) for the necessary expenses of procurement, shipment, delivery, and other activities essential to such transfers, and (B) for the necessary expenses of liquidating operations under this act."

(d) Underdeveloped areas: Add the following new section 548:

"SEC. 548. Whenever funds are made available under this act for assistance, other than military assistance, to any economically underdeveloped area, such funds may be used under the applicable provisions of section 503 (b) (3) or the applicable provisions of the Act for International Development. Where administrative arrangements, including provisions relating to compensation and allowances of personnel, authorized under section 503 (b) (3) differ from those authorized by the Act for International Development, the director may make use of arrangements authorized under either statute, in

carrying out such programs, except that before extending the provisions of section 109 (a) of the Economic Cooperation Act of 1948, as amended, to countries in which programs authorized under the Act for International Development are being carried out, the Director will secure the approval of the Secretary of State."

(e) Use of local currency.—

(1) Amend section 519 (b) to read as follows:

"(b) In order to assist in carrying out the provisions of section 514, funds made available to carry out that section may be used, to acquire local currency for the purpose of increasing the production of materials in which the United States or nations receiving United States assistance are deficient."

(2) Amend section 521 by striking out the next to the last sentence thereof.

(3) Add the following new section:

"SEC. 549. Use of foreign currency or credits: Foreign currencies or credits owed to or owned by the United States shall be used to carry out the purposes of this act but only after reimbursement is made therefor to the Treasury, from funds appropriated to carry out such purposes: *Provided*, That such currencies or credits are authorized to be made available for use without reimbursement to the Treasury for liquidation of obligations legally incurred against such currencies prior to July 1, 1953."

SEC. 606. The Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1571-1604), is further amended as follows:

(a) Assistance to NATO countries: Add the following proviso before the period at the end of section 101 (relating to military assistance to NATO countries): "*Provided*, That military assistance may be furnished for purposes not included in such defense plans upon a determination by the President that it will further the purposes and policies of this act."

(b) Excess equipment: Immediately before the period in the next to last sentence of section 403 (d) (relating to limitation on furnishing of excess equipment), add the following: "and after June 30, 1953, by an additional \$200,000,000."

(c) Sales of military equipment: Strike out the word "The" where it appears at the beginning of section 408 (e) (1) (relating to sales of military equipment) and insert in lieu thereof the following: "Notwithstanding the provisions of section 530 (a) of the Mutual Security Act of 1951, as amended, the."

(d) Dependable undertaking procedure: Amend the last sentence of section 408 (e) (2) (relating to sales of military equipment) to read as follows: "Before a contract is entered into or rehabilitation work is undertaken, such nation, or international military organization or headquarters, shall (A) provide the United States with a dependable undertaking to pay the full amount of such contract or the cost of such rehabilitation which will assure the United States against any loss on the contract, or rehabilitation work, and (B) shall make funds available in such amounts and at such times as may be necessary to meet the payments required by the contract or the rehabilitation work in advance of the time such payments are due, in addition to the estimated amount of any damages and costs that may accrue from the cancellation of such contract or rehabilitation work: *Provided*, That the total amount of outstanding contracts under this subsection, less the amounts which have been paid to the United States by such nations, shall at no time exceed \$700 million."

(e) Loans of equipment: Amend section 411 (d) (containing definitions) to read as follows:

"(d) The term 'services' shall include any service, repair, training of personnel, or technical or other assistance or information necessary to effectuate the purposes of this act, including loans of equipment for test and study purposes."

SEC. 607. Counterpart loans: Amend the last proviso of section 115 (b) (6) (relating to counterpart funds) of the Economic Cooperation Act of 1948, as amended (U. S. C. 1503-1519) to read as follows:

"*And provided further*, That whenever funds from such special account are used by a country to make loans, all funds received in repayment of such loans prior to termination of assistance to such country shall be reused only for such purposes as shall have been agreed to between the country and the Government of the United States."

SEC. 608. United Nations technical cooperation programs: Amend the last proviso in section 404 (b) of the Act for International Development by striking out the word "fiscal" and inserting in lieu thereof the word "calendar."

SEC. 609. Repeal of certain provisions: (a) (1) Subsection (a) of section 516 of the Mutual Security Act of 1951, as amended, is repealed.

(2) Amend subsection (b) of such section by striking out the words "to accomplish the purpose of clause (1) of subsection (a) of this section, under" and inserting in lieu thereof the word "Under."

(b) Section 115 (k) of the Economic Cooperation Act of 1948, as amended, is repealed. Nothing in this subsection shall be construed to prevent the carrying out of any commitment or agreement entered into pursuant to said section 115 (k) prior to the date of enactment of this act.

The amendments were agreed to.

The VICE PRESIDENT. That completes the committee amendments.

The bill is open to further amendment.

Mr. JOHNSON of Texas. Mr. President, I call up an amendment which is at the desk. The amendment is offered on behalf of the Senator from Ohio [Mr. TAFT] and myself.

The VICE PRESIDENT. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 2, line 13, before the period, to insert the following: "*Provided, however*, That the President may, in his discretion, withhold not to exceed \$1 billion of the assistance authorized to be made available for the year 1954 under section 101 (a) (1) until such time as the treaty establishing the European Defense Community, referred to in clause (C) of section 2 (b) comes into effect."

Mr. JOHNSON of Texas. Mr. President, it is indeed an honor to be associated with the distinguished majority leader [Mr. TAFT] in the sponsorship of this amendment.

The language we are proposing seeks to reach two objectives.

First, it would serve notice on the world that the funds we vote for mutual assistance are to be used to promote the defenses of the free world against communism—and for that purpose only.

Second, it would give the President of the United States the freest possible hand in the conduct of foreign relations.

There can be no doubt that many Americans are disappointed with the results of the mutual-assistance program. They have poured billions of dollars into it. And yet, even today it cannot be said that our allies are united single-mindedly in a determination to resist Communist aggression.

This thought, of course, is what prompted the House of Representatives to amend this bill. I can sympathize with the purposes behind the House

amendment. Nevertheless, I am afraid that the very purposes would be defeated by the House language.

The House amendment would tie the hands of the President. He would have no bargaining power, no latitude, no discretion. He would be powerless to engage in the give-and-take which is the very essence of foreign relations.

The amendment which the distinguished majority leader and I are sponsoring would give the President a much stronger hand. We would have a clear congressional directive—a directive that could, at the crucial moment, be as potent as a hole-card ace.

But he could use that directive according to the needs of the moment. He could apply it as he saw fit, at the time he saw fit.

In the day-by-day conduct of foreign relations there can be no substitute for the President. The Congress can—and should—lay down the broad policies that govern the conduct of such relations. The Congress can—and should—determine the appropriations that will back those broad policies.

But Congress cannot negotiate; Congress cannot administer. We have neither the constitutional authority nor the organization to do so. That is the constitutional function of the Chief Executive and his staff.

I would like to think that we have strengthened the President's hand to the greatest possible extent in the field of foreign affairs. I would like to think that we have armed him with every possible weapon to obtain the greatest security and the greatest prestige for our country.

In the event he has to "get tough," I believe he should have the authority to do so. But I do not believe we should commit him in advance to policies which may be adverse to our own interests just a few months from now when Congress will be out of session and unable to make any changes.

Mr. President, I am fully conscious of the need for unity in Europe. I know as well as any other member that it is essential lest our whole program collapse.

We can approach this problem in a manner devoid of partisanship. We can act not as Democrats and not as Republicans, but as Americans, determined to grant our Chief Executive the authority he needs.

That is the purpose of this amendment in which I have joined with my good friend the able and distinguished majority leader. It is my hope that it will receive the support of every Member of the Senate on both sides of the aisle.

Mr. KNOWLAND. Mr. President, I wish to join in support of the amendment offered by the minority leader, on behalf of himself and the majority leader, the Senator from Ohio [Mr. TAFT], in whose place I am acting today.

I think the amendment is a good one. I believe it is a discretionary amendment which does not have the restrictive features of the amendment adopted by the House of Representatives. I hope this amendment will be accepted by the chairman of the Foreign Relations Committee and by the Senate.

Mr. WILEY. Mr. President, before the amendment really came into being, its contents were discussed in the Foreign Relations Committee. I believe it was the consensus of opinion of the members present that the amendment should be made a reality.

So, Mr. President, personally at this time I consent.

The PRESIDING OFFICER (Mr. CARLSON in the chair). The question is on agreeing to the amendment offered by the Senator from Texas [Mr. JOHNSON] for himself and the Senator from Ohio [Mr. TAFT].

The amendment was agreed to.

Mr. WILEY. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 9, in line 15, it is proposed to strike out "10" and to insert in lieu thereof "25."

On page 9, in line 22, it is proposed to strike out "10" and to insert in lieu thereof "25."

On page 14, in line 3, it is proposed to strike out "\$100,000,000" and insert in lieu thereof "\$200,000,000."

On page 14, in lines 4 and 5, after the word "act", it is proposed to strike out the comma and the words "of which not more than \$20,000,000 may be allocated to any one country."

Mr. KNOWLAND. Mr. President, may we have an explanation of the amendment?

Mr. WILEY. Mr. President, the bill contains a proviso that in respect to certain areas, up to 10 percent of the funds may be transferred; and between areas, up to 10 percent of the funds may be transferred.

I have discussed this matter with the senior Senator from Georgia [Mr. GEORGE]. In view of the present world situation, the adoption of such an amendment is considered desirable. As I said yesterday, many of the basic facts in the world have changed since we received the original report from Mr. Stassen and his assistants. In short, this amendment will add, it might be said, to the amendment which has just been adopted. This amendment will give the President the discretionary power to hold back \$1 billion additional if he desires to do so, as more or less of an inducement to the bringing into operation of EDC. The amendment will increase the discretionary power of the President, so that instead of having the power to withhold up to 10 percent, he will have the power to withhold up to 25 percent and to redistribute it in whatever way the facts regarding the world situation indicate that, in his discretion, the money should be used.

The amendment also will make a change in the provision for special use of funds on page 14. In line 3 on that page, the amendment would strike out "\$100,000,000" and insert in lieu thereof "\$200,000,000."

At that point the bill now reads as follows:

(b) Not more than \$100 million of the funds made available under this act, of which not more than \$20 million may be allocated to any one country, may be used in any fiscal

year by the President, to be expended, without regard to the requirements of this act, or any other act for which funds are authorized by this act, in furtherance of the purposes of such acts, when the President determines that such use is important to the security of the United States. The President shall notify the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives upon making any such determination.

The amendment would strike out the figure "\$100,000,000", in line 3, on page 14, and would insert in lieu thereof "\$200,000,000", thus giving the President that additional discretionary power.

In the committee I believe it was stated that there might be use for this fund or there might not be use for it, depending upon the developments, the imponderables, on the world stage in the future.

Mr. ELLENDER. Mr. President, will the Senator from Wisconsin yield for a question?

Mr. WILEY. I yield.

Mr. ELLENDER. Can the Senator from Wisconsin tell us to what use the funds could be put by the President?

Mr. WILEY. My recollection is that the overall purpose was to have the funds on hand, in order to be able to meet any emergency which, in the interest of the security of the United States, might require the utilization of these funds at once, without further direction by the legislative branch.

Mr. ELLENDER. Mr. President, can the Senator from Wisconsin be more specific? By means of this bill we shall be giving the President the authority to use 10 percent of the funds for certain purposes. How does that provision differ from the 10 percent clause which would be changed by the amendment?

Mr. WILEY. Pardon me; I thought the Senator from Louisiana was inquiring about the proposal to strike out "\$100,000,000" and insert in lieu thereof "\$200,000,000."

Mr. ELLENDER. I am. Can the Senator from Wisconsin be more specific as to the use to which the money under the special use of funds provision on page 14 of the bill can be put?

Mr. WILEY. The following explanation is stated in the report:

SPECIAL USE OF FUNDS

Section 605 (b): Section 513 (b) of the Mutual Security Act is amended in two respects. The limit of \$100 million for emergency assistance is presently applicable under that section to funds made available for the fiscal year 1953. It is proposed to make this authority apply to funds available for any fiscal year for the purpose of the Mutual Security Act. In addition, the President may furnish assistance without regard to the forms and conditions of assistance required by the act, when the President finds such use to be important to the security of the United States.

As presently enacted section 513 (b) permits the President, for example, to give assistance to a country without getting the assurances required by section 511. The temporary unwillingness of certain countries 2 years ago to give these assurances illustrates a situation which section 513 (b) now covers. It is proposed to broaden the authority to cover other possible needs. If, for instance, an earthquake or other major disaster should occur in a foreign country, it may well be in the interest of the United

States to supply limited but rapid economic aid to that country, notwithstanding the customary techniques of defense support or technical assistance.

The proposed revision continues the requirement that the President shall notify the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives upon making any such waiver of the requirements of the legislation.

That is just one instance.

Mr. ELLENDER. Could the funds be used for economic aid?

Mr. WILEY. They could be, if in the discretion of the President that would be in support of our own security.

The instance mentioned in the report is that of an earthquake. I would say the funds could be used in the event a great catastrophe should seriously injure one of our allies.

Mr. ELLENDER. I thought the Red Cross acted in such circumstances. Why should there be such a provision in this bill?

Mr. GILLETTE. Mr. President, will the Senator from Wisconsin yield to me?

Mr. WILEY. I yield.

Mr. GILLETTE. Is it the intention of the Senator from Wisconsin to push this amendment to a vote at this time?

Mr. WILEY. If there is opposition to the amendment, I would say no. I took up the matter of the percentages with the Senator from Georgia [Mr. GEORGE]. He felt it was advisable that the 10 percent be increased to 25 percent.

The other provision, in my mind, is not so important, anyway; but it is important that the President should have overall discretion.

As I have said, we do not know what may happen in the world tomorrow. We have already given the President discretionary power, in the case of the EDC, to withhold \$1 billion. Under the bill he can withhold all of it, and he probably will withhold a great deal.

Let us refer to country X. I do not wish to name a specific country, because I do not care to assume the occurrence of possible developments, which we hope will not occur. We know that under the provisions of the bill appropriations for military aid are authorized in considerable sums. If country X should slide away from its engagements or if our allies should let it go, it might be very logical immediately to withhold a large sum of this money. Of course, I think the President would do so in the interest of our own national security. On the other hand, country X might be in an area of the world to which it might be necessary to transfer some of the money. Under the present provision of the bill the President will have discretionary power to make transfers of not to exceed 10 percent of the funds. But under the amendment proposed by me the President will be authorized to make transfers in an amount not to exceed 25 percent of the funds, if it becomes important in our national interest to utilize as much as 25 percent of the funds in another area of the world. That is all that part of the amendment will do.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. WILEY. I yield.

Mr. KNOWLAND. Mr. President, I certainly have no particular objection, and I think there may be some merit to the proposal of the Senator from Wisconsin to strike out 10 percent and insert in lieu thereof 25 percent, which he says he has discussed with the ranking Democratic member of the committee, the Senator from Georgia [Mr. GEORGE]. Personally, however, at the moment I do have some misgivings regarding his amendment proposing to strike \$100 million and to insert in lieu thereof \$200 million. I wonder whether the Senator would be willing to modify his amendment by retaining the percentage, but striking out the fixed sum?

Mr. WILEY. I am very happy to so modify it.

Mr. GILLETTE. Mr. President, will the Senator yield to me once more?

Mr. WILEY. I am very happy to yield to the Senator from Iowa.

Mr. GILLETTE. I desire to say that I am very strongly opposed to both provisions, as the Senator from Wisconsin well knows.

Mr. WILEY. Yes.

Mr. GILLETTE. It is my expectation to speak at some length in opposition to it. So I hope, since a number of other Senators are waiting to speak on the bill, the Senator from Wisconsin will not press his amendment at this time.

Mr. WILEY. Very well. Mr. President, I will now modify the amendment in accordance with the suggestion of the Senator from California [Mr. KNOWLAND], by striking out that portion thereof which reads:

On page 14, line 3, strike out "\$100,000,000" and insert in lieu thereof "\$200,000,000."

On page 14, lines 4 and 5, after the word "Act", strike out the comma and the words "of which not more than \$20,000,000 may be allocated to any one country."

Mr. ELLENDER. What portion of the amendment is to be submitted, may I ask?

Mr. WILEY. The portion proposing to increase from 10 to 25 percent the amounts which may be transferred.

Mr. ELLENDER. That action may be taken by the President at his discretion. Is that correct?

Mr. WILEY. That is correct. It is in the transferability clause.

Mr. ELLENDER. I understand.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wisconsin, as modified.

Mr. GORE. I suggest the absence of a quorum.

Mr. WILEY. I do not press the amendment. The Senator from Iowa desires to speak on it.

Mr. KNOWLAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state the inquiry.

Mr. KNOWLAND. As I understand, however, the amendment has now been modified so that the only material language of the amendment deals with the transferability clause, making an increase from 10 percent to 25 percent. Am I correct in that understanding?

The PRESIDING OFFICER. The Senator from California is correct. The Chair recognizes the Senator from Illinois.

Mr. DIRKSEN. Mr. President, we shall soon observe the actual beginning of this Republic, the 177th anniversary of the birth of the United States of America, and there will be 177 candles on the Nation's birthday cake. I think it a pretty good orientation point. In every generation, at least, it is well to go back on an occasion such as this to pick up some of the stitches, because it serves to orient us in respect to the problems which are on the Nation's doorstep at the present time.

Furthermore, it seems to me that going back to the beginning of the Republic serves a rather useful purpose. First, it gives our people a chance, in a manner, to tie into the national bloodstream and to feel that they are a part of it. Every time I read the humble names attached to the Declaration of Independence, names like Sherman and Adams, Jefferson and Franklin, Taylor and Wilson, I feel that they could have been people of this generation, and that we might have been of that generation. So we identify ourselves, and I think we root ourselves in the American tradition by going back.

Mr. President, there is still another purpose in going back to observe the anniversary of the birth of the United States. It gives us an occasion to appraise our own trusteeship at a time when the world is so full of fever and when there is so much turbulence and unrest.

Finally, Mr. President, it affords us an opportunity to ascertain just how freedom and independence came about for the people of the United States of America. That is of rather singular interest at the present time, because there is now pending in the Congress itself an issue not unlike the issue that prevailed in 1776.

It will be recalled that 190 years ago, which would be 1763, a rather long and ornamental war between France and Britain came to an end. It was a costly war. We know something about the cost of conflict in warfare. So it was only natural that George III, heady and obstinate and stupid as he was, along with his Ministers and members of Parliament, promptly began to look around for additional sources of revenue and for proceeds with which to continue the business of the England of that period. In looking around, I suppose he followed the maxim laid down by Richelieu, that one always plucks the feathers from the goose that will make the least squawk.

So, in seeking revenues in order to replenish the English treasury after the war with France, how natural it was to look 3,500 miles away at the colonies that dotted the Atlantic seaboard; and so, in due course, there came a tax issue, just as there is a tax issue in one branch of the Congress at the present time. So there came a stamp tax and a tax on glass and a tax on paint, and a tax on tea.

At first there was strong resistance, but there was no desire, it would appear, on the part of great numbers of the peo-

ple of the Colonies to wrest their independence from England. I think it was John Adams who once said that if he were called upon to classify the people then living along the seaboard he would say they were one-third Whig, those who were in favor of independence; one-third Tory, those who would preserve the relationship of the Colonies with the mother country; and one-third mongrel, who somehow defied classification. That may be, Mr. President, but the fact remains, and I think history bears it out, that there was at the moment no decided and great avalanche of feeling in behalf of liberty and independence.

When, however, the King sent his enforcing authorities in the form of the army and the navy to quell the resistance and to enforce the new taxes upon the people of the Colonies, resistance really set in, and out of it there came the Boston Tea Party. There then came the naval blockade of Boston, and, finally, military rule for the Bay State Commonwealth. Then when Virginia sent word that she was very much in the corner of Massachusetts on this issue, the Minute Men sprang up, and the hand of destiny intervened.

It could have been the formality of Bunker Hill; it could have been some of the statements made by Thomas Paine; it could have been the great and heroic address made by Patrick Henry; but, whatever the aggregate of these statements and events was, it looked as though the hand of destiny entered the picture, and there came about the greatest adventure in the realm of freedom and the domain of independence the world has ever seen. We are observing that great event, and we are observing our great journey on the pathway of freedom, as we mark the birthday cake with 177 candles.

I suppose there is a very interesting parallel in every generation. We are not so sure, Mr. President, but that every generation is pretty much the same. The fact remains that human nature does not change particularly; and so, even in our own generation, we see a tax issue. We see it in the Congress—an issue not unlike the tax issue which faced the Colonies back in 1776. We, of course, see a manifestation of feeling by the people, but there is this one essential difference, namely, that whereas 177 years ago, there was a controversy between a King on the one hand, and the people, on the other, the controversy today is between a group of people, on one side, and a group of people, on the other, all of whom are free and who resolve their controversies and their problems by free processes. That is the great characteristic and attribute which I think illustrates the moving spirit of America, and which has carried us to an exalted height in 177 years, a height unmatched and unequaled by nations that existed and had a rich culture more than 4,000 years ago.

In pursuit of that ideal, Mr. President, back in 1812 and 1814, when portions of the very Capitol where we are meeting today were burned by the British, we asserted the dignity of a new, free Nation.

In 1861, unfortunately, there occurred a conflict, but it was not a problem between a king and the people, but, rather, between one section and another section, because there was unsolved one of the residual problems left over in the Constitution.

In 1898, in pursuance of our traditions, Mr. President, we went to the rescue of a defenseless people in an island to the south, and so maintained the great ideal of America.

In 1900, continuing along the same course, we opened the door of the Orient and established what was known as the open-door policy. That was done by a great Republican President by the name of McKinley, who had at his right hand a Secretary of State from the State of Indiana by the name of John Hay.

Fifty years later, in violation, as I believe, of the great American tradition, that open door of the Orient was closed by a President named Truman and by a Secretary of State named Dean Acheson.

In 1917, Mr. President, when I was in uniform on the western front, we were glad to accept the belief that it was a struggle between freedom and independence and all that they implied, on the one side, and autocracy and tyranny on the other side.

In 1941 the same devastating forces were unloosed upon the world, and once more we asserted the great tradition of America.

In further pursuance, Mr. President, of the American ideal, we have been more than generous with the pocketbook of America, meaning the Treasury of the American taxpayers. One need only to examine the loans and the grants which have been made with almost a prodigal hand in all corners of the earth to conclude that America has constantly stood by her free traditions and sought to bring aid and succor to defenseless and weak peoples everywhere. It is rather interesting to note that the unpaid notes as a result of World War I are still languishing in the Treasury in the Nation's Capital, and we have not been too persistent or too demanding in securing their repayment. American investment has gone abroad, not merely to find some return upon the dollars invested, but to bring our culture to every section of the world and to bring enrichment to other peoples.

If one needs any further testimony as to the generosity and liberality of this country, one need only look at a law which was written on the statute books when I was a Member of the House of Representatives. We had a good idea that many of those billions of dollars would not be returned to the Treasury, and, as a matter of fact, they did not return. When we liquidated our property abroad, once more we were generous, and we gave it away freely in the hope that some of the property might be useful and instructive in the hands of the people of other lands who were the recipients of it.

When the conference took place in Bretton Woods, when the International Bank and the International Fund were created, it was in the hope that as a result there might come some advantage

and benefit to people who were struggling for a place in the economic sun.

Then, from a single paragraph of a speech which was made at Harvard by Secretary Marshall, there came, almost full-blown, in a short space of time, the celebrated Marshall plan. What we are considering today as mutual security is nothing more than a lineal descendent of the statement made at Harvard which gave birth to the Marshall plan.

Point 4 had its derivation in the fourth paragraph of the inaugural address made by former President Truman. Then came military aid, and then came NATO.

So, Mr. President, who shall say that America has not been generous, has not been liberal, has not been prodigal, indeed, with peoples in every corner of the world, whether they were enlightened or benighted, in the hope that we might set their feet upon the pathway of stability, justice, and peace?

From it all, Mr. President, what did we expect? We did not expect too much. When we signed the Atlantic Charter we said to all the world that we expected no aggrandizement of our territory. We expected nothing particularly tangible. We expected nothing for ourselves. And that is what we got, Mr. President, after the expenditure of the money, and the agony, distress, and dislocation of our own economy.

We did expect some gratitude, Mr. President. I think we are entitled to some gratitude. If it should not come to the President, or to the Congress, at least gratitude should have been expressed, I think, to the American people, because it was they who had to pay the bill and to endure the hardships entailed during war and peace in order to make that largess available to the world.

We expected, also, a maximum of self-help. That is not too much to expect from any country, when we open up our exchequer and send abroad our experts in the hope of helping peoples along the road to rehabilitation. We expected them to work for their own rehabilitation.

I am not so sure I am satisfied with what I have seen, Mr. President. I took a look at Europe in 1945. As chairman of a joint committee I went abroad with the committee, and I have recently returned from a rather hasty jaunt to Korea, Formosa, Japan, and Indochina. I am not so sure we are getting that to which we are rightfully entitled in the way of a will to work for rehabilitation, unless it be in Western Germany which is addressing itself with such vigor and fidelity to the business of reconstructing its economy.

Mr. LONG. Mr. President, will the Senator from Illinois yield?

Mr. DIRKSEN. I yield.

Mr. LONG. Based on the statement which the Senator has just made, would it not appear that out of the \$5,300,000,000 proposed to be authorized by the pending bill the only country that is not getting a substantial amount of money is the one country that has given every indication that it could be relied upon to fight in the event of war?

Mr. DIRKSEN. In justification and amplification of that statement, I have here all the reports made by the series of business teams that went abroad. The report made on West Berlin is a really impressive document which I think represents a good concept, a fine appraisal of the problem, and a very good determination of what is being done at the present time.

Mr. CASE. Mr. President, will the Senator from Illinois yield?

Mr. DIRKSEN. I yield.

Mr. CASE. As one of those who headed a special committee in Germany in 1947 and who was present at the time the distinguished Senator from Illinois was in Berlin and in Frankfurt and at other places, I should like to say that the conclusions of the subcommittee with which I was associated were very much the same as those which have been stated by the Senator from Illinois. I feel that the problem of peace for Europe and for the world rests in large measure upon the degree to which we bring the resources of the German people to the side of the West.

Mr. DIRKSEN. I agree with the Senator from South Dakota, and I can testify from the fact that I saw the work he did over there when we were both Members of the House of Representatives. He brought a very studious quality and a very great sense of responsibility to the committee on which he served, his explorations were very careful, and his reports were very precise and, I think, very impressive.

Mr. LONG. Mr. President, will the Senator from Illinois further yield?

Mr. DIRKSEN. I yield.

Mr. LONG. I wonder if the Senator from Illinois reached the same conclusion which I arrived at when I had occasion to see the situation in Europe. In France, for example, where a great portion of the money is to be spent, there seems to be some question of the dependability of the French forces. We still see signs in France saying, "U. S., Go Home," which is an indication of a strong Communist movement there. There are Communist administrations in some of the smaller cities and even in some of the larger cities of France. There is reason to believe that there might be an uprising against our forces throughout France in the event Russia decides to move. In fact, it is conceivable that our forces might have to fight their way out instead of fighting to defend the French people.

Mr. DIRKSEN. I agree with the Senator.

Mr. President, recurring to what I said a moment ago, I was referring to what I thought we could rightly expect in return for the debt we imposed upon our country, for the heavy tax burden we laid upon our people, and for the dislocation of our own economy. I said we expected nothing material for ourselves, but at least some gratitude.

We were entitled to have the countries we assisted engage in the maximum self-help. There should have been a will for rehabilitation that resulted in a real, earnest effort on the part of countries which were receiving our aid. There should have been cooperation against

communism. I certainly am not satisfied, when today we consider the Communists as our enemies in Korea and elsewhere, that there should be a rush on the part of so many nations in the United Nations to recognize Red China, which has cost the United States so much in blood, tears, and treasure since June 1950. In fact, this is virtually the third anniversary of our incursion into Korea. It has probably cost us \$15 billion for military expenditures alone, exclusive of the Air Force and the Navy, and that amount does not include economic rehabilitation.

Of course, no amount of money can balance the cost of 24,000 fine young Americans who went to their graves, nor the other hundred-odd thousand wounded and missing, who constitute the casualty list in that conflict.

We expected cooperation against communism, and we were entitled to it. It did my heart good to read in the *South China Post*, in Hong Kong, China, of the action that was taken by the Senate while I was absent from my duties here. We were entitled to a show of force on the part of countries everywhere.

I doubt whether it can be called frugality when we consider the tremendous subsidies to agriculture in Great Britain, amounting \$1,800,000,000 a year, and are informed of the subsidies in the form of socialized medicine and dental care, including free teeth, much of the cost of which undoubtedly has been financed with American money. I doubt whether that is frugality, or an expression of gratitude.

I do not wish to be captious or too caustic about our allies, but they forget that money does not grow on plum trees in America. On the desk of every Senator at present there are hostile and resentful expressions from many people on whom the tax burden has fallen with heavy weight. I have no doubt that a great avalanche of telegrams is reaching Members of the other branch of the Congress at the present time. Those, however, are comments of the spirit, which no doubt we should rightly expect.

But, as a matter of fact, what did we get as a result of our efforts? A growing wave of neutrality or indifference. Any observer in Europe can point out the evidence of that today. We are the objects of a large amount of ill will, as was pointed out by my distinguished friend, the junior Senator from Louisiana [Mr. Long], a moment ago. It can be observed in the signs and in the epithets. Of course, some of it can be discounted. However, the fact is that the growth of ill will is too substantial for the comfort of our country and for the amicability of the relationships we ought to enjoy with other countries of the world. I see no evidences of gratitude or expressions of appreciation, to which we rightly are entitled.

Already there is a rising fear of competition on the part of American industry. There is also ever present apprehension and fear of war. I can understand that on the part of the humble people, whose country has felt the heavy heel of the god of war so many times over a period of a few short years. Notwithstanding all that, the very fact that the helping hand of America was ever

present at least called for gratitude and appreciation, and, more than that, a really diligent endeavor on the part of the peoples of these other lands to rehabilitate themselves.

I suppose there are reasons for all these conditions. After all, there is such a thing as cause and effect in the world. There are certain normal human reactions that are just as calculable today as they were in the days when the preacher of old wrote:

The thing that hath been, it is that which shall be; and there is no new thing under the sun.

I fancy that goes for the human spirit and for human reaction. First, it is only natural that the top dog in the world should become a target for abuse. Ours is a great country, and we can take pride in its greatness as we add another candle to the birthday cake next Saturday, and count 177 birthdays since the Declaration of Independence. We have moved farther than ancient Egypt, which was an old country even in the days of Cleopatra—how many centuries ago? As I today assess Egypt's problems against those of the United States, and her capacity to deal with them, how proud it makes one feel of my own country.

I think of the present-day problems of Iran, once known as Mesopotamia, lying between two great rivers, the Tigris and the Euphrates. There one may still see vestiges of the old canals and great irrigation systems. Somehow the ancient culture was evaporated. The Mesopotamians were an old people, before America even found herself in three-cornered pants. Of course, in this day and age, the top dog becomes a target.

I always take great pride in seeing our soldiers abroad. I saw them in Seoul; I saw them in Tokyo; I saw them in Taipei, Formosa; debonair, fine, well groomed, well paid, if you please, as befits soldiers of a great country. They did spend with open hearts and open hands. Of course, sometimes that stimulates the wells of envy, and I can understand that. We come right back to the human spirit. There is the inflationary effect of spending.

I remember that when I was a soldier in France in 1918, I and my comrades used to shop for trinkets and souvenirs in the little stores in Chaumont, Toul, Paris, and elsewhere. Of course, the effect was that as the soldiers spent, prices went up, and it was not too surprising that the humble French people said, "Go home. Go home." It was a thing of the spirit, sometimes of the pocketbook. Those are human reactions that we see today.

Then there is a strange suspicion extant. I presume there are people who think, "What does America expect out of all this? What is the quid pro quo?" The tragedy is that we did not make the quid pro quo very precise and known in every country in the world. If we had done so, we would have had an understanding. There should have been an understanding, so that there could not have been a misunderstanding as to what we meant and expected.

A year or two ago I made a statement on the floor of the Senate that earned

for me a great deal of criticism, particularly from the Great Empire State of New York. I remember what Wendell Willkie said to me one day. He said, "You are a lawyer and I am a lawyer. You know the custom among lawyers: Always get your fee while the tears are hot." That is simply an expression that touches on human nature itself. The way to get one's fee is in the form of an understanding.

We should not be too captious, or stingy, but we should be sure that we never lose sight of the American ideal, and should let it be known that we expect other countries to cooperate in return for what we have done to our own country and our own economy in order to bring stability, peace, and a degree of tranquility to a very feverish world.

A big, strong nation can expect no affection, it can expect no love. I never for a moment expected a deep, abiding affection on the part of other nations, but I think there should have been some appreciation, at least. What we do does not go quite so deep into their spirit.

Of course, there is a question of pride, which I think Congress has forgotten; indeed, I believe we as a people have forgotten it. But I have seen it manifested by some of the humblest people in Europe and some of the humblest people in Asia, when all is said and done. It is in the heart of a barefoot coolie. Even in the heart of a humble person in Vietnam, just 10 degrees from the Equator that manifestation of pride can be seen. Those people do not particularly want to be mendicants, and they rebel against the idea, if there is a chance for them by their own efforts to come out on top. We must have that pride in mind constantly, because when finally we destroy it, we destroy incentive. We say to people, "Jump in the water and swim."

Of course, we are dealing with human values which can keep us on this road of aid to all parts of the world for a long, long time to come. A man said to me this morning, "We shall be on this road for 10 years." We shall not be on this road for 10 years if the junior Senator from Illinois has anything to say about it, because, if we continue this course, long before 10 years will have elapsed we shall somehow have vitiated all the substantial attributes of human character everywhere, which will make people everywhere mendicants, constantly looking to America for aid over and above the capacity of this country to carry the load.

I remember when the Prime Minister of a country not so far from the Near East said to me, "We have a complex here." I said, "What is it?" He said, "First, we were occupied by the Bulgars. Then we were occupied by the Italians. We were occupied by the Germans. Then we were occupied by the British; and finally there was co-occupation with America. We have an occupational complex. We have lived so long under directions and under aid that it has done something to the spirit of this country."

That is the first place where the ameliorating force must get in its licks. We are dealing with character and with the human spirit, as well with dollars,

when we deal with an aid program of this kind. So I say that there are certain normal human reactions which are just as old as the wisdom of Solomon, and we ought not to forget them when we deal with this question, and perhaps find it necessary to amend our program to bring it in line with human considerations.

There is something else to which I think I must allude in order to round out the whole story of cause and effect. We should not forget that we taught the whole wide world the art of mechanical warfare. Never was I so astonished in my life as when I saw huge buildings in Bangalore, India. When I went there at night I did not see American soldiers, corporals, and sergeants doing deft and precise work on the radios of bombers that were to cross the hump within the next few days. No they were people of India who were doing that work. We taught them how to repair planes, how to repair the precise and fine little gadgets. We taught people also the art of mechanical warfare. If anyone has any doubt today, we need only go to Indochina and see the antiaircraft guns of American manufacture. He need only fly with a great Chinese flyer. The private pilot of the Generalissimo flew us over to an island which was only 2,000 yards from the Chinese mainland. He hauled us back through the tail end of a typhoon. The junior Senator from Illinois was not sure that he was coming back to his responsibilities in the United States Senate; but he brought us safely to where we wanted to go. When we got out of the plane, I said, "Major, you can fly in my air corps any day."

We have taught those people how to fly planes. We have taught them how to shoot guns of all kinds. We have taught them the art of mass destruction of human life. That is the first thing that came out of World War II, as a cause. Then, of course, there were the effects.

Those people learned about the vulnerability of the white race. If there is any doubt about it, one need only go to Indochina. In the war that was the first strike of the Japanese Army. There the Japanese vanquished the French and interned every French soldier. It was not until 1946, after the war was over, that the surrender came about. But in the minds of humble people with brown skins and peaked hats made from raffia, rattan, and other fibers, people who shuffle along the sidewalks in their bare feet in the heat of Indochina, there is a lasting impression caused by the knowledge of the fact that the white men are vulnerable after all, and that they can be licked, because they were licked. They learned that, and we had better keep that fact in mind today, because it is important.

We are wrestling with a tremendous problem, if we consider it in terms of the free world against the Communist world. That is another effect from the cause.

Those people learned also to rebel against exploitation. That brings us back to our birthday cake. That is the reason why I started with the 4th day of July 1776. The event to which I

have referred happened on the Atlantic seaboard, not very far from where the distinguished Senator from Maryland [Mr. BUTLER] lives. Every once in a while I visit to Maryland to steep myself in the lore of Marlboro, Prince Frederick, and other areas. It gives me a chance to live my history, to invest the bare bones of history with some flesh. History begins to take on color, character, and better meaning than I could expect from the cold print of a history book.

This week 177 years ago we were Colonies. On that great and eventful day, when the immortal words of Jefferson were announced to all the world, we simply cut away our colonial status and asserted our freedom. Other people are beginning to rise to that spirit today. There is a revolt against imperialism. There is a revolt against colonialism.

Frankly, Mr. President, your country and mine had better be pretty careful not to get into the anomalous position of holding up the hands of imperialism in far-off places. That is certainly not in keeping with the great and noble tradition of America, and we had better remember it.

Senators will recall the petition which Tunisia presented to the Security Council last year. There is a small country with 30 centuries of culture behind her. That country was the seat of ancient Carthage. How interesting it is to go back and read of the days of Hannibal and other leaders of that day and age. They had a culture behind them. Their petition was submitted to the Security Council, for what? For a consideration of their freedom. They were in the same fix that we were in 177 years ago this week. We knew what to do about it. We simply took the bit in our teeth and fought it out, and successfully asserted our independence.

That spirit we find in many corners of the world, and we must consider it, because there is a rising tide of nationalism. So I say that we had better not become allied too deeply with imperialism, because it is going to fail, as colonialism is going to fail. There may be people in this generation who do not care. Perhaps they say, after the manner of Louis XIV, "After us, the deluge." But that would be a fine custodianship in our generation, would it not? That would be a fine sense of trusteeship in a turbulent period like 1953.

I do not want any part of that sentiment. I am so immodest as to confess that down in the great Commonwealth of Tennessee there is a little grandson. He is my grandson. He is going to carry on. Perhaps there will be many things I would like to do that I shall never get done. In that grandson will live every hope and its fruition. My spirit will live in him. I shall be marching on in that bloodstream.

Every once in a while it is refreshing to get down Lin Yutang's book *Between Tears and Laughter*. There we get a sense of immortality on earth that we get in no other way, because we get it in the family. There will be other trustees. There will be other custodians after us when we move from the scene. So I want to be sure that my country is not too deeply linked with an impe-

rialistic force which continues to assert that doctrine, or a colonialism which asserts itself, and then comes to America for aid in continuing its colonialism. I shall particularize on that subject in a moment, when I reach it.

I say that we have cause and effect today. Frankly, I get back to an idea to which I know many do not subscribe. But I still think that our hope lies in the Western Hemisphere. I am willing to aid the world, but I want to be sure that Americawise, fiscally, economically, and in every other way, here in this hemisphere we have a beachhead for freedom. Let us have something to go back to. Then over and above that, and in proportion as we have capacity to do it, I am willing to help the world.

Mr. LONG. Mr. President, will the Senator yield?

Mr. DIRKSEN. I am glad to yield to the distinguished Senator from Louisiana.

Mr. LONG. Do I understand the Senator from Illinois to argue that he does not want to close his eyes to what is going on in the rest of the world, but he wants to be sure that we can save the United States in any event.

Mr. DIRKSEN. I want to say to my distinguished friend from Louisiana that I have heard not one, but many leaders around the world in various countries say to me during the past 8 years, "For God's sake, Senator, let nothing happen to America, because it is all we have." We must let nothing vitiate the strength of this country.

Mr. LONG. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. LONG. Mr. President, I submit to the Senator from Illinois that it would be well for us to keep in mind that this Nation may some day have to fight alone. As we make additional commitments we should always be mindful of the fact that some day we may have to rely upon ourselves alone to save our country. Expenditures are proposed in the pending bill for a defense system which may not contribute anything at all to the defense of this Nation. For example, if the Soviet Union should attack defenseless Japan, we would be at war with Russia, and the probability is that not one of the European nations would come to our aid.

Mr. DIRKSEN. That is correct. The figures cannot be laughed off. How does a person laugh off stacks of figures? Our taxes are 3,000 times in excess of those of 1933. I came to Congress in 1933. Our 1933 budget was a very modest one, and our tax take was very modest. Today our taxes are 3,000 percent more than they were then. They are 1,200 percent more than they were in 1940, the year before we entered the war. How does one laugh off figures like that?

Mr. LANGER. Mr. President, will the Senator from Illinois yield?

Mr. DIRKSEN. I am glad to yield to the distinguished chairman of the Committee on the Judiciary, the Senator from that great Commonwealth of North Dakota.

Mr. LANGER. Following up what the distinguished Senator from Louisiana said a moment ago, the money we are appropriating may be doing us a thou-

sand times more harm than good. If we use the money in Indochina for example, and the natives over there get the idea that the money is being used to maintain the colonial system of France, or if the millions of people in Israel get the idea that the money we are appropriating for that area will be used against them, or if the Moslems in India become convinced that we are doing what we can to oppress them by the expenditure of the money, as time goes on, the money will make us enemies, instead of friends, even though the people get some of the money.

Therefore I am against the entire bill. I voted against it in the Committee on Foreign Relations, because I believe it will do the country a thousand times more harm than good.

I will say further to my distinguished friend from Illinois that this country needs the money at the present time.

It will be taken away from the veterans, for example. A little while ago I read a report made by a House committee indicating that we will need \$15 billion to get our roads into the condition they should be. We will need billions of dollars more over a 5-year period properly to take care of the health needs of the country. Where will that money come from, when we keep pouring it down a rathole in every foreign country?

Mr. DIRKSEN. Mr. President, I wish to say to my friend from North Dakota that I desire to go along with some kind of aid program, but I want to be sure always that it is constructive, that it is useful, and that it addresses itself to the fundamental purpose in keeping with the American ideal and the American tradition. I am going to speak about that in a few minutes, when I get around to it.

I wish to point out again that we have been carrying this burden of taxes and deficit spending for nearly 2 decades, and that there were only 2 years in that period, during the 80th Congress, when we had a balanced budget. For all of the rest of the time in the past 20 years we have been on the red side of the ledger.

That is not all. Consider the authorizations which have been piled up. They are commitments made by Congress, of course, but they have been the source of the greatest embarrassment to the Eisenhower administration of anything I can think of, and they constitute its bitterest inheritance. That burden has been laid upon President Eisenhower, and he is in difficulty because of it. The authorizations were made by Congress, and they are commitments to spend vast sums of money. Every once in a while we see some evidences that they may be somewhat uncomfortable politically, or may have some political impact at sometime in the future. I do not quarrel too much about it, because I suppose it is in the vein of the great political tradition of America.

However, I want to be sure of the ultimate freedom and the ultimate future of a free America, as we add the 177th candle to our country's birthday cake this year. That ought to be our day star. Let us have no semantic nonsense about it. We can work it out in the form of a program.

Now I desire to make some suggestions.

First, about the European program, I think first of all title I ought to be cut to the minimum. One of the business leaders of the business teams was Clarence Francis, chairman of the board of General Foods. He said that we have achieved the economic objectives. I have all the reports before me. I have had Governor Stassen send them to me. I have the letters of these teams. In one of them it was stated: "Military aid? All right, within reason, but we have achieved the economic objectives."

That ought to be some guiding light to us as we consider the overall amount of money involved in the pending bill.

Secondly, if there is no disposition on the part of Congress to cut the amount, what would be the matter with earmarking half of it and saying to the President, "You ought to use this amount of money for loans rather than as outright grants"? We should say to him, "You prescribe the terms and the conditions and the maturities of the loans, as well as the interest rates. We will not be too precise about it. You lay down the rules. Use the money as loans rather than as grants." At least there would be a hope, even though remote, that some day some of it might come back.

Then there is the question of termination. I do not believe the period ought to run too long. I would make the termination date 1 year, and I would shorten the liquidation period also.

When we let lend-lease run too long and were anxious that everything in the pipeline should get through to the other end, our troubles began. Oh, how those troubles were ventilated on the front page before we got through.

There have been a number of recommendations in the reports about consolidation of personnel under one head. I understand that the Senate Committee on Government Operations has made a considerable analysis of the whole setup, and I believe it has some recommendation to make, although I do not know whether they will be made in time for consideration in connection with the pending bill. However, I believe there ought to be one spokesman in a country, and everything ought to flow down in a line of command from that head, and personnel ought to be reduced to a minimum.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. LANGER. Mr. President, I remember the very fine speech which the distinguished Senator from Illinois made at the Republican National Convention.

Mr. DIRKSEN. I hope the Senator will not hold that against me.

Mr. LANGER. No; I am very proud of the speech which was made by the distinguished Senator from Illinois. Does not the Senator from Illinois think that the people of the United States voted for a change because they really wanted a change? Does not the Senator believe that the people wanted the budget balanced, that they wanted the debt reduced, that they wanted us to get out of Korea, and that they wanted us to stop the give-away program we have

been using all over the world? Does not the Senator believe that it is our duty to listen to the voice of the people as expressed in the last election, and go ahead and make the change?

Mr. DIRKSEN. Certainly. I walked on platforms in every State of the Union and with all the dulcet capacity I could summon I urged the people to vote for a change. I do not believe that necessarily means that a program should be completely chopped off, but I believe the people wanted substantial changes made in the program.

Mr. President, in further reference to the European program, I trust the Congress will be exceedingly careful in providing for or permitting the installation of industrial programs of a kind that may one day simply aggravate the situation over there, so that in addition to the refugees, the escapees, and the displaced persons, we would have some technological displaced persons, also. We have to be careful, in the case of a country where there are the pressures of overpopulation, to make sure that such a situation does not develop. That matter can be amplified at great length, but I am content to pass over it with that observation at the moment, because now I wish to refer to the Far East.

Mr. LANGER. Mr. President, at this point will the Senator from Illinois yield to me, to permit me to make an observation?

The PRESIDING OFFICER (Mr. COOPER in the chair). Does the Senator from Illinois yield to the Senator from North Dakota?

Mr. DIRKSEN. I yield, with pleasure.

Mr. LANGER. I think the distinguished Senator from Illinois will agree with me that one of the most conservative magazines in the United States is the U. S. News & World Report.

Mr. DIRKSEN. Yes, and it is also one of the most constructive.

Mr. LANGER. I now call attention to the May 15 issue of that magazine, in which we find an article reading in part as follows:

All those billions abroad, but United States still uncertain about what it is getting.

Would not the Senator from Illinois say that is a fairly good analysis of the present state of mind of the people of the United States?

Mr. DIRKSEN. I thought I rather amplified that statement a little while ago, by saying that there are certain things we expected, but there are so many things we did not get. Uncertainty is one of the things we got.

Mr. LANGER. I read further from the article:

Thirty-nine billions in foreign aid—who got it?

To Western Europe, \$29 billion; to Russia and Eastern Europe, \$1 billion; to Asia and Pacific areas, \$7 billion; to the Middle East, \$350 million; to Latin America, \$670 million; to the United Nations, Red Cross, refugees, etc., \$1 billion.

Here's where the money went in Europe: Britain, \$8.1 billion.

Let me say that in my State of North Dakota assessed valuation is made on a 50 percent basis. As a result of the total assessments, it is fair to say that, gen-

erally speaking, everything in that State is worth approximately \$2,500,000,000. However, we have given to Great Britain alone more than three times the value of everything within the borders of our State—more than three times the total value of everything in our State, including every horse, every cow, every sheep, every acre of land.

According to the article, we have given to France \$6,200,000,000. Despite that it seems impossible for a stable government to be maintained in France. Recently, there have been 5 or 6 elections almost every year there, and the French do not yet know who will head their government.

Mr. DIRKSEN. The recent election in France was the 19th, I believe, was it not, since World War II.

Mr. LANGER. Mr. President, the article to which I am referring states that we have given Western Germany \$3,700 million. Yet only a few years ago the Germans were said to be Huns and barbarians. I remember that Woodrow Wilson spoke in my home town of Bismarck, N. Dak., and then said the Germans were cutting off the hands of little children. But today General Bradley says that if the German soldiers do not join us, we cannot succeed in fighting Russia in Europe.

Furthermore, Mr. President, the article states that we have given aid to other countries, as follows:

Italy, \$3.1 billion; Greece, \$1.9 billion; Netherlands, \$1.3 billion; Austria, \$973 million; Belgium, \$741 million; Turkey, \$574 million; Yugoslavia, \$534 million; Norway, \$286 million; Denmark, \$277 million; other, \$1.2 billion.

At that point the article says "other"; evidently the writer of the article got tired of listing the various countries, so a number of them were simply lumped together, by the use of the term "other." The "other" countries received from us \$1,200,000,000.

This magazine, which the distinguished Senator from Illinois agrees with me is one of the best magazines in the United States, also states:

Here's where the money went in Asia: Japan, \$2.1 billion; China and Formosa, \$2 billion; Philippines, \$1 billion; Korea, \$1 billion; India, \$217 million; Indonesia, \$39 million; Indochina, \$37 million; other, \$400 million.

The article ends with the following significant sentence, after naming all the beneficiaries of this giveaway program:

And now \$6 billions more for new foreign aid is being asked.

Mr. President, I say to my distinguished friend, the Senator from Illinois, that I believe when the people of the United States voted in the last election they were sick and tired of sending our money to foreign countries. I thank God I never voted for 1 cent of it, inasmuch as I believed then that it would not do any good.

I agree with the Senator from Illinois that if the money had been sent to those countries in the form of loans, there might have been a chance of getting it back 60 or 75 years later, if there had been proper security for the loans.

But I believe the people of the United States are sick and tired of the policies of the last administration. The people have voted for a change. I remember that the distinguished Senator from Illinois himself said the people wanted a change.

I think this is the time to give the people a change. I agree with the Senator from Illinois that if our money is to be given away, for heaven's sake let us put it in the form of loans, even though we may never get them back.

Mr. DIRKSEN. Mr. President, I appreciate the observations of my esteemed friend, the Senator from North Dakota.

At this time I wish to say a few words about the situation in the Far East. First of all, let me speak briefly about Korea. I feel under a sense of obligation to make a brief report to the Senate. Incidentally, in order that all the world may know, let me say that the Senator from Washington [Mr. MAGNUSON] and I traveled, I believe, 24,000 miles in approximately 18 days. We flew by means of civil airlines all the way, with the exception of one jaunt from Tokyo to Korea, which we took by military plane because that was really the only way to go. As I recall, the total cost of the airline tickets was \$1,935, but the incidental expenses probably did not exceed \$200 or \$300. Because of that investment, I thought I should say a few words, first of all, in regard to Korea.

I hope very earnestly, God willing, that there will be a truce. How can political considerations and the various other matters that are on the agenda be discussed until first the blood-letting stops? There can be no discussion of peaceful problems until the killing has ceased. I made that representation to Syngman Rhee, the President of Korea. I spent an hour with him in Seoul. In fact, I used to see him here in Washington, on Sunday mornings, at church; a fine old gentleman. And Mrs. Rhee is a lovely person. She was born in Austria. Both of them speak English exceedingly well.

So the President of Korea, myself, and the American Ambassador sat on the portico in the hot sunshine and discussed this question, which was before his country. That was before the prisoners were released. Mr. President, I would not be critical or captious about that action. Syngman Rhee is nearly 80 years of age. He has been, in fact, a stormy petrel and a revolutionary for nearly 50 years. He can remember very well when the Japanese entered his country in 1910, 43 years ago. He fought as a sort of exile, always with the hope that freedom and unification might be restored to his country. The monument he was pledged to build, against the backdrop of the centuries, was, after all, a unified Korea. So one can readily understand the emotions in his heart and in his mind as he contemplated his responsibility in an hour when a truce was impending. So I shall not scold.

I simply said to him, "I earnestly hope that perhaps we can get on our knees and pray about this, because there are two alternatives. One is a continuing stalemate, with 25 divisions on each side of the line, just 25 miles from Seoul—

divisions that have been there a long time, and are still there as the fourth year of the Korean conflict begins. How long can that condition be endured? How long, as a matter of fact, will the American people suffer a condition of stalemate" notwithstanding the blithe way in which it was treated when Sir Winston was here on his last visit? "That is one alternative," I said.

The other is to go down the center. But if you ask anyone who is familiar with the terrain and what is apparent there, with that area mined for 50 miles behind the frontlines probably it is necessary to count the cost. Is the country willing to endure a sacrifice of that kind? If the soldiers could be consulted, I think they would ask for a truce, to see whether by the ingenuity of humankind something might be contrived that would develop an enduring peace.

When that day comes, there will be a rehabilitation program. We have a team there at the present time. We helped to destroy Korea by every diabolical instrumentality that is capable of destroying life and property and lacerating the landscape. We were a part of it, along with others; so I think they have a right to look to us for a degree of rehabilitation. But I hope what we do will be based on sound principles.

I think of a country like that in terms of elementals. The mainstay of hope for survival is rice, and there the people produce a very good quality of rice; but the culture and the yield can be improved. Korea is the place to which our efforts ought to be directed in the first place. It is a country in which cereal can be produced in goodly quantity and of good quality; but the methods can be improved. In connection with rice culture, I suppose the reservoirs, the impounding ponds, and such things as are necessary for rice culture can be perfected but always within the limit of the capacity of the country; because with twenty-odd million people, if industrialization should be undertaken, what would be done with the displaced people? Moreover, if such projects should fail, who would be there to follow through? It becomes a rather serious question.

In addition to their crops, there is, of course, a need for proteins in order to sustain life. What is the most available source? There is the ocean shore, which is all around Korea, and which is teeming with fish. So it is possible to make use of that resource of the sea. Something can be done to stimulate the fish industry by assisting the Koreans to procure small boats—not ocean liners, but boats they can readily handle.

As I think of a digestible protein, I recall a professor of geology who used to teach at the University of Illinois and at the University of Michigan, who spent much time in India, in the little kingdom called Hunza. He was in my office, and he told me about some of these things. He said, "When the Soviets move into an area, they do not go in with a \$3 million hydroelectric plant; they go in with a 20-horsepower boiler and a saw-mill, which anybody can operate."

Senators will observe that that presents a distinction, which we ought to

keep in mind, because the program must be geared to a country, and it must be, so to speak, digestible. It must be something that can be utilized.

I said to the President of the United States at breakfast last week, "I hope that we will not make the mistake of putting into countries huge projects which may fail and turn out to be a great loss. The assistance must be within the capacity of the country to receive it."

There is likewise a housing problem in the East. I hope we shall not make the mistake of having some of our diletante housers go there and attempt to install fine mansions in the Hanoi Delta, in Indochina, or build houses for 10,000 people as part of a housing program. Such units would cost twice as much as what a native unit would cost. It is a mistake to proceed in that manner. We should not depart from character in a country, we should build the kind of house to which the people are accustomed, and do it on a mass basis, supply the forms and a certain amount of know-how, and then stay within character, instead of building fancy homes.

I had hoped that to the pending bill there could be added an amendment, which I have prepared, providing that there should be no housing unit the cost of which exceeded the cost of the native unit, keeping in mind the fact that that would be easy on our own pocketbooks, while at the same time it would provide the kind of housing units which would be acceptable to the people in the far corners of the earth.

There are other needs in Korea. The people need mills, they need spindles, they need cloth with which to clothe their people. That need can be supplied, I think, without too much difficulty. But I believe that, before people go abroad to commit this country to the construction of fancy projects, we ought to make them submit plans for projects to cost not exceeding a certain amount, say half a million dollars.

Consider the Rhone project. If it were ever completed, I suppose it would cost more than \$266 million, for electric-power stations and dams. It was quite a task for me to get even elementary information on the subject, but I got enough of it to use in the campaign of 1952. That was a project which was rejected by a referendum of the French people; yet, our people favored it, and some of our 96 Senators voted to go ahead and finance it.

I do not pretend to be an expert on this subject. I merely try to see the picture in its larger aspects. That reminds me that we had better be careful about some of our experts who go abroad and, in 2 months, return with the answer. They may have a blueprint of a hydroelectric plant or of a large factory, not knowing what the maintenance and followup will involve.

If one has any doubt about that, he can see such a result in some of the broken-down projects in certain countries. When it looks as if a project were an impossibility, they just let it remain as is. We have got to be careful to follow through, and following through on big projects representing large in-

vestments will be quite a concern for our country when the score is finally made up.

There is in Korea a refugee problem which I suppose we shall have to meet. It is pretty disgusting. I went to visit with people who had children and who were living in very unsanitary holes. We cannot always leave the people there as they are.

So, having helped to destroy the country, with troops marching up and down, there is a responsibility resting on us, I may say to the Senator from North Dakota. As a people with a conscience, I do not agree that we can quite duck that responsibility, but we can make our assistance effective, we can make it practical, and we can gear it to a country so that it will be within its capacity, within its absorptive powers. I think that is very necessary.

Now, let me say a word about Japan. I said to the Secretary of State that I thought the problem of Japan was in getting a line of credit in America, and I believe that to be accurate. The Japanese people will come out on top. They are working like eager beavers, as a matter of fact, but they have some problems. By 1965 there will be 100 million people in the 4 islands, the arable land of which constitutes only a small fraction—I think 15 percent—of the whole area of Japan.

When one flies over Japan and sees the mountains, he wonders how the people survive. But, Mr. President, the necessity of survival puts great pressure on people; it causes them and their leaders to do things they should not do, and out of a clear sky suddenly the delicate fabric of peace is rent in twain. So there is a question of survival in Japan.

I said to the Prime Minister of Japan, Mr. Yoshita, "I was one of the Members of the Senate who voted against the peace treaty." He smiled a little. I said, "I do not suppose you have ever read the CONGRESSIONAL RECORD to ascertain the reason I assigned, but I read every word of the hearings, and I was not satisfied with the statement made by the Secretary of State that within 4 or 5 years the Japanese could look southward for survival. Within 4 or 5 years one can be dead." Mr. President, it is that elementary. There is the question of survival. The Japanese need help. They need fertilizer. They are buying phosphate rock from Florida at the present time. They need to buy more of it, as a matter of fact. They need to re-gear their industries because Japan has to be an industrial nation. There is nothing else left; as one sees when he looks at the amount of arable land that is available to provide subsistence for 100 million people.

Mr. President, I made one suggestion that cannot be carried out in the pending bill, but I recommended it, of course, to the appropriate committees. It is that the world needs machinery, it needs machine tools of all kinds. So what should we do? For years there has persisted in my mind the idea that our responsibility always is to keep America in the industrial king row, so that no country will exceed ours in competence

and in efficiency. If we could get a good many segments of American industry to retool with new machines, by giving them tax incentive, some old machinery, not necessarily obsolescent, could be reconditioned.

I said to the President and to the Director of the Budget, "I think perhaps a used-machinery export corporation might be created, and machinery made available to countries that need it so badly today. It would serve two purposes—to provide jobs in the making of machine tools in our country, to keep us 100-percent efficient on the industrial front, and, at the same time, make available at small cost to other nations that need it machinery that can be reconditioned."

I must point out a problem which is on our doorstep. It is delicate, but I think I should mention it.

It is rather interesting to see how we can be hoist by our own petard. One of the things we did was to write a new constitution for Japan. Chapter 2 of that constitution is entitled "Renunciation of War."

Article IX of chapter 2 provides that Japan shall no longer have the sovereign right to make war and shall not maintain a land, sea, or air potential. That is in the Constitution of Japan. In the Japanese newspapers today we can read that suddenly the labor unions have taken that up and are saying, "Do not build an offensive force."

There are 110,000 in Japan's security force now. That is a delicate problem in Japan today, and I do not know that for the moment I have the answer on the hook. But, certainly, we wrote that constitution, and we said to Japan, "You adopt it," and it is there. If I read the English language properly, that is precisely what it means. She can be a powerful ally in the future. But how can we have a powerful ally in Japan if Japan has airmen without airplanes, soldiers without arms, sailors without offensive naval craft?

So, Mr. President, we were to that extent hoist by our own petard. But that provision is in Japan's constitution as clearly as print can make it, and it is the object of much debate and controversy in Tokyo and elsewhere at the present time. I have referred to it because it was discussed when I was there. I offer no remedy for it at the moment. It is, after all, a problem for Japan, and I know the Japanese Prime Minister, the Cabinet, and others have been thinking very seriously about it.

Perhaps one other thing should be alluded to. When we take 500 acres, 700 acres, or 1,000 acres for an airport in Japan, do we realize what we are doing to a country that measures survival by the square foot? It is a very serious question. We must be very careful, because we are depending on Japan, a people who are literate and intelligent, and who have incentive and aggressiveness, and we want to be sure that Japan remains within our orbit.

Mr. President, I should like to discuss something which my friend from North Dakota mentioned. It came up in connection with Indochina. Even 4 or 5

days within which to get an estimate of what goes on in a country can be most useful. We were there for some days. We landed in the Hanoi Delta, at the upper end of Indochina. That is not exactly the correct name. Once upon a time it was known as Indochina. It is composed of what has been incorporated into the French Union. One portion of it is known as Cambodia. The King of Cambodia went into exile about the time we left. Another section is known as Laos. I presume the country has a population of not to exceed 3 million.

Another section, and an important one, is Viet-Nam. It was once known as Cochin-China. It has now been consolidated and is known as North Viet-Nam, Central Viet-Nam, and South Viet-Nam. A war has been in progress there for 7 long years. The rebel forces are some 300,000 in number. I suppose the French Union forces are probably about 400,000. So there are 700,000 soldiers in Viet-Nam who have been battling, without a battle line, for 7 years. There is no battle line in the delta along the Red River. It is guerilla warfare that is going on. The French own it by day, and the rebel forces own it by night. A railroad train was blown up while we were in the Hanoi Delta. When we were at dinner in Saigon, in Indochina, it was rather a novelty to see a number of guards armed with shotguns around the home of the Charge D'Affaires, so that we would not be shot while we were eating dinner.

That is rather interesting, Mr. President—a 7-year war; several hundred thousand troops engaged; no battle line.

What interest have we, Mr. President? We have \$500 million worth of interest. The bill includes \$400 million—I think the chairman of the committee will bear out my statement—for Hanoi, Cambodia, and Viet-Nam. Is it \$600 million or \$400 million? In any event, that is a pretty substantial investment, 12,000 miles from home. If we get on a plane in Washington and fly exactly half-way around the earth, we will land in Saigon, in Cochin China, at the lower end. The area is from 900 to 1,000 miles long. Senators should see the American planes on the base. People cannot leave the base at night, because if they do they will get their throats slit. It has been a sort of piddling war, as a matter of fact, and we are expected to continue to spend money on it.

I have a suggestion, Mr. President. There are some persons who may not like my suggestion, but I would be recreant to every sense of duty and of fidelity to the American tradition if I did not say it.

I do not believe we shall get anywhere in Vietnam at all until we give those people a reasonable target for a constitution and for unlimited independence, and give them a chance to walk on their own feet. We said to the Philippines, "On the 4th of July 1946 you shall have your unequivocal freedom," and we made good.

The trouble in Viet-Nam today and in the Associated States results from waiting to see which way they are going to jump. The Japanese licked the French

in Indochina. The people there have been hoping for freedom and for independence.

I asked the President and the Secretary of State about it last Thursday. I said, "It seems to me that if we are going to hand over another \$400 million, in all good conscience and in the name of the sacred tradition of America, as we place the 177th candle on our anniversary birthday cake next Saturday, why can we not declare publicly that there is a target day for independence, for a constitution, and for freedom? Is not that what we are fighting for? Is not that the ideal and the objective of the free world?" If it is not, Mr. President, I am sunk; I am without a premise; I am just at sea without a paddle or a rudder.

Mr. CHAVEZ. Mr. President, will the Senator from Illinois yield?

Mr. DIRKSEN. I shall be happy to yield to the Senator from New Mexico.

Mr. CHAVEZ. I am in complete agreement with the remarks of the Senator from Illinois. In these days, when we are talking about free peoples and a free world, is it not about time that the people about whom the Senator is speaking should be free and independent?

Mr. DIRKSEN. I say to my friend, the Senator from New Mexico, that we should at least give them a target. The French have been in Indochina for the past 87 years. They have built a miniature Paris in the form of Saigon. They have built beautiful homes and excellent stores. All the streets have French names. The French have been and still are colonizers.

But how will the question be resolved? What is the answer to the rebel forces of Ho Chi-minh?

We should say to Vietnamese people, "There is a day in the sun for you; there is a day when you will receive your freedom; there is a day when you will have a constitution of your own, with all the safeguards that are needed."

The present situation has existed for 87 or 88 years. It was when Abraham Lincoln was President of the United States. That French colonization first began in Indochina. It still continues. But it is not the answer to the rising spirit of nationalism and political consciousness of humble people in all the corners of the earth.

So I go back to the days when we were colonies.

One hundred and seventy-seven years ago next Saturday a red-haired patriot by the name of Jefferson placed on paper some of the most beautiful impressive, appealing words the human eye ever beheld. They engendered a great crusading spirit. On that day we were no longer colonies. We said we would be free. But, in God's name, are we going to spend out of the United States Treasury the money of American taxpayers to perpetuate a colonialism, the bonds of which we broke for ourselves 177 years ago this week?

Mr. CHAVEZ. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. CHAVEZ. I am glad that the Senator from Illinois referred to the red-haired Jefferson and the period in which

the American Colonies obtained their freedom. But the policy of this country of late has been to abridge the liberty and freedom of other people. How can we face the liberty-loving people of the world, no matter how poor or humble they may be, as in Indochina, if we do not at least offer them a target, so that those poor folks may say, "Eventually we will be free"?

Mr. DIRKSEN. I am not unmindful of the obligations of the French. They have interests in other places, such as in Tunisia, which is understandable. But the point is that we are asked to appropriate money for the continuation of a war against Red rebels, 12,000 miles from our homeland. The problem involves both communism and nationalism. If there is no target, how much longer will the condition continue? I do not know. But one cannot get any expressions of hope in these far places. I talked to virtually every person in the American command, both civilian and military. I took them off to a corner and said, "As one citizen to another, what is wrong here? First, I will say what I think is wrong. Then you tell me what you think is wrong and your name shall not be mentioned. We are here to look, to learn, and to listen. There will be no press conferences."

Mr. President, this was a rather interesting jaunt. The Senator from Washington [Mr. MAGNUSON] and I did not hold a single press conference in all the time we were gone. It was not our business to ventilate our views to people abroad. It was for us to see, to learn, and to come back and report as realistically and as factually as we know how to do. So, one by one, we talked with many people. I do not know how many we spoke with. We talked with persons who have been there for some time and who understand and have labored with the problem. One by one they said, "Unless there is an ideological target, who shall say how long the situation will continue?"

Are we going to suffer it? It is our responsibility in Congress. It is for us to determine how much money will be spent.

I noticed that earlier this afternoon the Senator from Arizona [Mr. GOLDWATER] offered an amendment. If it is still at the desk, I wish to examine the text of it for a moment, because the Senator had it in mind this morning at a party conference, and spoke to me about it. I told him to go ahead and offer it. The text of his amendment, as it relates to funds for Indochina, reads:

Provided, That no such expenditure shall be made until the Government of France gives satisfactory assurance to the President of the United States that an immediate declaration will be made to the people of the Associated States, setting a target date for adoption of a constitution for such states, and for the establishment of their complete independence.

That does not have to be the day after tomorrow; it does not have to be next month. It could be next year; it could be any time within reason. But at least it seems to me that we cannot forever be distributing American money 12,000 miles from home in a country where there is no battle line, but there are high

casualty lists and a heavy impact upon the country, without giving them some hope and assurance that at the end of that bloody road there will be something in the nature of a constitution and freedom for them.

Mr. President, one could labor the Indochina matter at great length, but I shall not do so any further. I am due shortly at the White House. I had hoped to address myself at some length to Formosa. I trust that the debate on the bill will not close until I have had an opportunity to do so. I rather fancy that the Senate will not complete action on the bill today, unless the chairman of the Committee on Foreign Relations feels otherwise, in which event I shall come back later, in the hope that I may round out my remarks.

Mr. THYE. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. THYE. At the time the acting majority leader, the Senator from California [Mr. KNOWLAND], left the floor, he asked me to sit at his desk. I may say to the Senator from Illinois that it was the hope of the acting majority leader that the bill might be acted on and disposed of today, even if it were necessary to have the Senate continue in session until the early evening.

Mr. DIRKSEN. Then I shall hold myself in readiness and return, in the hope that I may address the Senate for a little while on one of the most important phases of my trip; namely, the visit to Formosa. After all, Formosa is one of the real bastions of America in the Pacific. I was deeply impressed with what I saw, and with respect to the Formosan program I have some suggestions to make which will probably fit within the framework of the pending bill. So I shall discharge my responsibility at the other end of Pennsylvania Avenue, and then come back to round out these remarks.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. COOPER. I have enjoyed the remarks of the Senator from Illinois, chiefly because of the information he has brought to us as a result of his recent trip. I am particularly interested in what he has said about the possibility of independence for the states of Indochina.

In all sincerity I ask the Senator, Is it not true, however difficult the problem of aid to the states of Indochina may be in connection with independence or possible independence, that if we deny aid we will thereby make it impossible or at least difficult for those states, with the help of the French, to resist the Communist guerrillas? If the Communist guerrillas thereby should be successful, would we not then be helping to prevent the possibility of those states ever becoming independent? That to me is a dilemma. I agree that our country should use its influence to secure some hope, some promise, or some statement which would give those people hope for independence. But are we not still faced with a problem, if we say, "Unless you do that, we will not give you any

help"? Have we not then denied to those people the objective of independence?

Mr. DIRKSEN. I do not want to say that to them. It is a good question. Let me respond to the question in this fashion: What an astonishing thing it is that a rebel group, 300,000 strong, can for 7 years successfully resist the French when the rebel group has not a single airplane in the sky. What does the Senator think would happen, after a Korean truce, if MIG's and other planes were moved from Korea to the south border of China, and suddenly found their way into Indochina? Give me a small air force, and I will put the Haiphong Airport in the Hanoi Delta out of commission in 24 hours. With a few more planes I could immobilize the Saigon River from its mouth 40 miles up, so that no ship could enter. There is not a plane on the rebel side.

We see how serious the situation is. One may ask, "What makes them so tough? What is the force which makes them resist?" It is an ideological force. It is the nationalism which they preach. They do not preach communism. They preach nationalism and freedom.

If they can do that, does anyone believe that sending additional planes, or sending \$400 million worth of equipment there, is likely to do the job, when there are still so many official fence sitters who believe that Ho Chi-minh will win, and who are waiting for that day?

This condition can go on endlessly. There is danger that Indochina may become another Korea—God forbid. Then what? Fortunately, none of our troops are in that area. I am willing to send equipment. On the other hand, I want to be realistic and say, "Very well, if that is the weapon, give them help. Set up something in the future in the sky and say, 'There is the objective'."

If we continue to condition the Vietnamese troops and put them in the French Union Army and go ahead with this program, of course we shall develop sentiment on our own side, and we shall get this problem out of the way. But if it spoils too long, look out. Then we shall indeed have a potential and a problem which can harass and embarrass this country as nothing else could do.

Mr. President, I suspend at this point because I have something else to do at the moment. I shall resume later.

AMENDMENT OF CONSTITUTION RELATING TO ELECTION OF PRESIDENT AND VICE PRESIDENT

Mr. MUNDT. Mr. President, first of all, let me say that I have been greatly interested in the very informative report made by the distinguished Senator from Illinois [Mr. DIRKSEN] dealing with the problems which confront us in the world. As he was speaking, we all realized that we were sitting here in the week of the Fourth of July, almost 177 years since the Declaration of Independence was signed. I could not help but think how different must be the speeches to which we listen today in this week of the Fourth of July as compared with

those which must have been delivered 177 years ago this week, this many days before the Fourth of July. Then speakers were discussing the problems of liberty, problems of freedom, problems of a young, struggling group of colonies about to engage in the adventure of independence.

Now we discuss the world as a whole. Now we discuss the expenditure of billions of dollars in every foreign land. Now we discuss the disposition of American troops garrisoned all over the world. So I think it might be well worth while, on this particular occasion, so close to the 177th anniversary of our national birthday, if we were to spend a little time discussing something of domestic importance, as certainly must have been done this many days before the 4th of July in 1776. We still have problems at home which have not been solved. There are still matters to which, it seems to me, we might well devote some attention as Americans, from the standpoint of preserving the liberty which was first obtained for Americans by the signing of the Declaration of Independence, followed by the Constitutional Convention and the creation of this republican form of government.

Mr. President, I ask unanimous consent to introduce for appropriate reference a joint resolution proposing an amendment to the Constitution of the United States with respect to the election of President and Vice President.

The PRESIDING OFFICER. Without objection, the joint resolution will be received and appropriately referred.

The joint resolution (S. J. Res. 95) proposing an amendment to the Constitution of the United States with respect to the election of President and Vice President, introduced by Mr. MUNDT, was received, read twice by its title, and referred to the Committee on the Judiciary.

Mr. MUNDT. Mr. President, I am introducing the joint resolution because it seems to me that few systems or programs devised by the minds of men are ever so good that they cannot be improved. While ours has served us exceedingly well, there is always the danger that unless we keep the machinery of government up to date and in conformity with the changing pressures and the changing emergencies which it confronts, it may cease to serve us adequately. Our form of government, which reflects our traditions and our way of life, most Americans believe is the best to be found anywhere in the world or in the annals of history. I emphatically share that point of view. Our American political system is truly unique.

However, Mr. President, as times and conditions change, it is important that on occasion we review the machinery of our Government and the mechanics of our electoral system to make certain that they are fulfilling the responsibilities set out for them and that they are functioning in a manner best designed to protect and perpetuate the basic American concepts and institutions which have for so long served to make our country great and keep it strong.

Today, as we approach our 177th national birthday, I wish to discuss very briefly a few factors in our electoral system to which I wish to direct the attention of the Congress and the country, and on which I think we should all devote some study in an effort to make certain that our elective processes provide the maximum opportunity for the individual citizen to make his influence felt in the election of a President and a Congress regardless of how that citizen is registered politically or where he lives geographically. Under our cherished concept of government by the people, it is important that each and every citizen who votes shall by that action be given the optimum opportunity to direct the destiny of his country's course by that exercise of franchise. Under our concept of majority rule, we never want our country's policies determined either by dictators in the flesh or by the dictatorial devices of electoral mechanics which operate to pervert and prevent the opinions and the choices held by the majority of our citizens from becoming effective in the conduct of our Government.

On previous occasions, on and off the floor of the Senate, I have discussed what in my opinion are the valid reasons for evolving a political realignment in this country which will strengthen and expand our two-party system of government; which will enable citizens who think alike on economic and political questions to vote alike for President without having to surmount or break political barriers making that objective difficult; and which will eliminate the paradox which frequently finds within the same political party differing individuals and differing policies which are in violent and complete disagreement with each other but which are all merged under the same partisan banners at election time so that voters receive no effective opportunity to make a clear and honest choice between them at polling places.

In my opinion, a realignment of the political forces of this country is essential to the preservation of our American liberty with its concepts of private ownership, our reward of merit system, the continuance of our division and balance of power among the three great branches of our Government, the maintenance of the local autonomies guaranteed in the 10 amendment to our Constitution, and the concept that the people rather than the political bosses should ever be to the rulers of America. I shall discuss this phase of our electoral system again on some subsequent occasion.

Today, however, I am introducing a joint resolution on the subject of electoral reform which provides another pathway toward the same destination envisioned as the consequence of steps taken toward political realignment and the development of a genuine two-party system in the South, namely, a goal which offers to each voter equal authority for his ballot and the optimum opportunity by his vote to determine the personalities and the policies which shall direct his Government.

With but minor changes, this joint resolution is the same as the one now before the House of Representatives where Congressman FREDERIC R. COUDERT, Jr., of New York, has introduced it and where it bears the designation of House Joint Resolution 1. The constitutional amendment called for by these resolutions of Congressman COUDERT and myself differ materially from the so-called Lodge-Gossett resolutions of the last session of Congress although in each instance the objectives which are sought are to increase and protect the importance of each citizen's ballot at the polling places of America.

Before going further, I want to pay tribute to the educational work already done by Senator Lodge, by Congressman Gossett, and by Congressman Coudert in this field of needed electoral reform. Each has contributed greatly to this area of information.

I especially desire to pay my respects to Congressman COUDERT not because he happens to be continuing his efforts in this field now that Senator Lodge and Congressman Gossett have entered other fields of important service but because after long and careful study of all of the various proposals for reforming our electoral system I am convinced that the resolution introduced by Congressman COUDERT most nearly provides a significant and satisfactory answer to the situation. Congressman COUDERT deserves real thanks and praise for the pioneer work which he has already devoted to this subject. Therefore, it is with real pleasure that after numerous conferences with him and with others interested in electoral reform that I am associating myself with this effort by introducing today a companion resolution to that which Congressman COUDERT has introduced in the House. In the main, there are no important differences in the language of our resolutions—they are identical in their objective and alike in their basic mechanics. We hope to secure hearings in both the Senate and the House on our joint proposals.

Quickly summarized, here is what Congressman COUDERT and I propose: We recommend a constitutional amendment which will change the basis on which our presidential electors are chosen at election time from the general statewide, one-unit system now in vogue to one which will provide that our presidential electors shall be elected in the same manner and in the same number as the Senators and Representatives of each of our several States. Basically this is the sole and only change which we are advocating, except that in the event of there being no electoral majority, the final choice would be made by a joint session of Congress, voting by the head, instead of the present provision in which the House alone, voting by States with one vote per State, makes the decision. By substituting election by congressional districts for those 435 presidential electors corresponding to Members of the House of Representatives for the present system of electing them by statewide general one-unit blocs of electors, however, Congressman

COUDERT and I believe many of the potential pitfalls and the present inequalities of our current procedure can be corrected and that our presidential elections can and will more faithfully reflect the desires and determinations of each individual voter in America.

What, then, are the advantages of changing from the general statewide system of electing these 435 presidential electors to the system of electing them as we do our Congressmen—with 1 elector specifically elected by each congressional district in choosing 435 electors and 2 electors elected at large in each State just as our Members of the Senate are elected so as to choose the other 96 in order to comprise the total of 531 electors? Let me list some of these advantages now in brief detail and on some subsequent occasion I shall discuss more fully here or insert in the CONGRESSIONAL RECORD the background reasoning contributing to each of the following declared advantages:

First. The election by districts rather than the statewide election system for choosing presidential electors would give each voter in this country an opportunity to vote for 3 presidential electors—1 from his congressional district; 2 from the State at large—so each voter would have substantially the same vote authority on election day, whereas under our present system the voter in Delaware, for example, now votes for 3 presidential electors, whereas the voter in New York State votes for 45 presidential electors. Thus, each individual voter in New York State, due to the provisions of our present electoral system, packs 15 times the power into his individual ballot compared with the individual voter in the State of Delaware. In varying degrees, the citizen who votes for President in all of our smaller States is a second-class voter compared with the individual citizen in our larger States, and in no other State does the voter pack the punch or have the authority or exercise the influence as the individual voter in the State of New York. At one time in our country's history, most presidential electors were chosen on the district basis which we now propose. It is obvious that our constitutional forefathers recognized that equality of opportunity in voting must carry with it the corollary that there should be equality of authority in the power of each citizen's individual ballot.

Second. With voters using the same geographical units in selecting their electors for President as they do in selecting their Congressmen and Senators, it would follow that with the executive and legislative officials elected by the same people voting in the same manner and with the same authority, we would find campaign arguments and platform policies developed in harmony with this new situation and the party that won an election for the Presidency would most likely win a similar victory in Congress, so that fixation of responsibility and opportunity for building a party record would be enhanced greatly in this country. Thus, this giving national political parties

THE HOOVER COMMISSION'S RECOMMENDATIONS

In its report on the Treasury Department, the Commission on Organization of the Executive Branch of the Government (Hoover Commission) recommended that the "supervision of the operation of * * * the Export-Import Bank be vested in the Secretary of the Treasury." This recommendation was based upon the premise that the bank is one of a number of independent agencies in the financial field which report directly to the President, and since he "cannot give the time necessary for their supervision, * * * they are accountable to nobody." One Commissioner dissented from this recommendation, on the ground that although he believed the bank should be placed in an executive department, he was not convinced that the question of which department would be appropriate had been sufficiently explored to justify the recommendation. Three other commissioners agreed that the bank should be transferred to an executive department, but felt that since its principal function was assisting in the finance of foreign trade, the Department of Commerce would be the appropriate Department to supervise the bank's operations.

In reply to a request by this committee for the views of the bank with respect to the Hoover Commission's recommendations in 1949, the board of directors of the bank stated that—

"It is the considered opinion of the Directors of the Export-Import Bank that to place the bank under the supervision of the head of any executive department would contribute nothing to the efficient conduct of the Government, but would, on the contrary, through destroying a very effective plan of operation set up in the Export-Import Bank Act of 1945 and the Bretton Woods Agreements Act, incur the risk of creating confusion and of interfering with the efficient performance of the bank's functions."

Plan No. 5 conforms to general recommendations of the Hoover Commission, however, in that it would result in the concentration of authority in a single administrative head, rather than in a board, as is now the case. Furthermore, by eliminating the bank's representative from a voting position on the National Advisory Council for International Monetary and Financial Problems, which Council is headed by the Secretary of the Treasury, and by giving the Council clear authority to make policy for the bank, plan No. 5 is likely to give to the Secretary of the Treasury considerably more authority over the bank and its operations, as was recommended by a majority of the Hoover Commission.

CONCLUSIONS AND RECOMMENDATIONS

Plan No. 5 of 1953 will make basic administrative and policy changes in the organization, management, and operations of the Export-Import Bank of Washington.

On the administrative side, the plan would abolish the existing five-member Board of Directors of the bank, and transfer its functions to a newly-established Managing Director who would head the bank, and who would have authority to delegate the performance of his functions to subordinates, as he deems appropriate. This would have the effect of concentrating in one individual the entire authority and responsibility for the management of the bank. Other than a categorical statement in the President's message that experience has demonstrated that the most effective performance of executive functions is more likely to be obtained under a single administrator than under a board, there is no evidence that the proposed change would increase the efficiency or the effective operation of the bank which now has a record of excellent performance.

On the policy side, the plan would vest in the National Advisory Council on Interna-

tional Monetary and Financial Problems complete authority to establish the general lending and other financial policies of the bank, and would require the Managing Director of the bank to be governed by such policies in his conduct of the lending and other financial policies of the bank. Furthermore, the plan will eliminate the present statutory representation of the bank on the Council.

As previously indicated, the precise relationship between the National Advisory Council and the bank is not clear. Although, under existing law, the Council has only coordinating functions with respect to the bank, the bank has long followed the practice of being guided by the policy determinations of the Council, always adhering to the position that it has independent policymaking functions, apart from the Council, and never admitting that the Council has authority to veto the bank's decisions. No conflicts over policy matters appear to have arisen, primarily because the Chairman of the bank's Board of Directors, as a voting member of the National Advisory Council, was always able to present the bank's position before the Council, and his voice has generally been given considerable weight.

The provisions of the plan will make the Council's decisions mandatory upon the bank, and the bank will no longer have its present statutory representation on the Council, although the President stated in his message transmitting the plan that it is his intention to have the managing director of the bank participate as a nonvoting member of the Council in matters of concern to the bank.

Because the precise nature of existing relationships between the bank and Council are not clear, it is difficult to assess the practical effect of the plan upon the operations of the bank. It is the view of the staff that public hearings would enable the committee to develop information relative to the following matters, which would be helpful to the Senate in determining its action on the plan:

1. The extent to which the plan will increase the bank's efficiency and economical operation;
2. The precise nature of the present relationship between the Export-Import Bank and the National Advisory Council on International Monetary and Financial Problems, in the light of the Council's statutory authority to coordinate the bank's policies rather than to formulate them;
3. The precise effect of the plan on the present authority of the bank to make policy determinations; and
4. The effect of the plan on the bank's present status as an independent agency of the Federal Government, as provided for in the Export-Import Bank Act of 1945, as amended.

ELI E. NOBLEMAN,
Professional Staff Member.

Approved:

WALTER L. REYNOLDS,
Staff Director.

JUNE 22, 1953.

HON. GEORGE M. HUMPHREY,
*Secretary, Department of the Treasury,
Washington, D. C.*

DEAR MR. SECRETARY: I have recently had occasion to examine the provisions of Reorganization Plan No. 5 of 1953, providing for the reorganization of the Export-Import Bank of Washington, together with the accompanying message of the President transmitting the plan to the Congress. As a result of my study, I would like to raise the following points concerning the future operation and policies of the Export-Import Bank in the event that the plan becomes effective:

1. The extent to which the plan will increase the bank's efficiency and economical operation;

2. The precise nature of the present relationship between the Export-Import Bank and the National Advisory Council on International Monetary and Financial Problems, in the light of the Council's statutory authority to coordinate the bank's policies rather than to formulate them;

3. The precise effect of the plan on the present authority of the bank to make policy determinations;

4. The effect of the plan on the bank's present status as an independent agency of the Federal Government, as provided for in the Export-Import Bank Act of 1945, as amended;

5. Whether or not the proposed reorganization of the bank will result in any change in its present lending policies, with specific reference to the nature and types of loans which are expected to be made henceforth; and

6. Whether or not it is the intention, in the case of loans to private companies, to follow a policy of channeling more of the loan applications to the International Bank for Reconstruction and Development, with resultant required governmental guaranties.

I would appreciate your early attention to these questions so that I may have a clear picture of how we can expect the bank to operate after the effective date of the plan.

With kindest regards,
Sincerely,

CHARLES E. POTTER,
United States Senator.

THE SECRETARY OF THE TREASURY,
Washington, June 29, 1953.

HON. CHARLES E. POTTER,
*United States Senate,
Washington, D. C.*

DEAR SENATOR: I have your letter of June 22, 1953, raising some questions concerning the reorganization of the Export-Import Bank of Washington under Reorganization Plan No. 5 of 1953. These questions relate to the effect of the plan on the bank's efficiency, on its status as an independent agency, and responsibility for the formulation and coordination of its lending policies.

One purpose of the plan is to assure a close relationship between the operations of the Export-Import Bank and our general fiscal policies. The net lending of the Export-Import Bank results in disbursements which represent a budgetary charge on the Treasury. Because of this budgetary impact, the operations of the bank should be given the same scrutiny and placed under similar restraints to those applied to any other agency of the Government in order to promote our objective of bringing about a balanced budget and making possible an eventual reduction in Federal taxation. While the Export-Import Bank has performed a useful function, it is our belief that it can be operated more efficiently and more economically in the future. The reorganization plan is designed to give appropriate weight to these considerations in the bank's policies.

Your last two questions are addressed to the lending policies of the Export-Import Bank and the relationship of the bank to the International Bank for Reconstruction and Development. We believe that there is room for improvement by more carefully defining the role of the Export-Import Bank in this respect. As a general policy, we feel it desirable that foreign countries seek financing from the International Bank for long-term development projects where governmental guaranties are appropriate, such as power, transportation, and agricultural projects which are not readily financed by private enterprise. We believe we should encourage the maximum use of private capital to finance commercial, industrial, and other projects which are attractive to private investors. The Export-Import Bank has specific responsibilities established by statute to assist in the financing of exports from the

United States and imports into the United States, exemplified by credits extended to finance agricultural exports. The Export-Import Bank is also available for those special cases in which the United States Government has a direct interest in seeing that a particular project is carried out for strategic or other reasons in our national interest, including cases where a governmental guaranty is not feasible or advisable, and private capital is not forthcoming.

Your first four questions relate to the organization of the bank and its relationship to the Government as a whole. There is no desire to interfere with the administrative and executive decisions to be made by the managing director of the bank, which will remain an independent agency of the Federal Government. It is believed that the replacement of the Board which has been performing essentially executive functions, by a single managing director, will improve operating efficiency.

As a means of coordinating the operations of the bank with our fiscal and international financial policies, the bank would continue to refer major transactions to the National Advisory Council on International Monetary and Financial Problems and to receive broad policy guidance from this council.

If you should desire to go into this question further, I will be glad to arrange for members of my staff to go over it with you.

Very truly yours,

G. M. HUMPHREY,
Secretary of the Treasury.

Mr. POTTER. Mr. President, the Secretary's letter clearly indicates that some basic changes in lending policies are contemplated.

Because I feel that it is extremely important that the Congress have a clarification of the situation, I have discussed with the senior Senator from Maine [Mrs. SMITH], chairman of the Subcommittee on Reorganization, and the junior Senator from Wisconsin [Mr. MCCARTHY], chairman of the Committee on Government Operations, the advisability of holding a public hearing on the proposed operations of the Export-Import Bank under Reorganization Plan No. 5 of 1953, and they have both concurred in my proposal. At the hearing, which I hope may be scheduled in the near future, the Secretary of the Treasury will be requested to supply the answers to the questions I have propounded.

PARTICIPATION IN FOURTH OF JULY 1953 OBSERVANCE AT INDEPENDENCE HALL, PHILADELPHIA, PA.— REPORT OF A COMMITTEE

Mr. BUTLER of Maryland. Mr. President, from the Committee on the Judiciary, I report favorably, without amendment, the concurrent resolution (H. Con. Res. 85) authorizing the Congress to participate in Fourth of July 1953 observance at Independence Hall, Philadelphia, Pa., and I submit a report (No. 482) thereon. I ask unanimous consent for the immediate consideration of the concurrent resolution.

The PRESIDING OFFICER. Is there objection to the present consideration of the concurrent resolution?

Mr. THYE. Mr. President, I wish to ask of the acting minority leader whether the concurrent resolution meets with his approval. Has this resolution been cleared with his side of the aisle?

Mr. GORE. It has.

Mr. BUTLER of Maryland. Mr. President, the purpose of the concurrent resolution is to authorize the Congress to participate in the Fourth of July, 1953, observance at Independence Hall, Philadelphia.

Mr. HENDRICKSON. Mr. President, will the Senator yield?

Mr. BUTLER of Maryland. I am very glad to yield to the distinguished Senator from New Jersey.

Mr. HENDRICKSON. Is any cost involved in connection with the observance?

Mr. BUTLER of Maryland. Yes; there will be some cost involved. The concurrent resolution provides that a Member from each State in the Senate and in the House of Representatives shall go to Philadelphia for the purpose of participating in the observance. There is bound to be some cost involved.

Mr. HENDRICKSON. Does the Senator know what the cost will be?

Mr. BUTLER of Maryland. The concurrent resolution provides for the payment of such cost.

Mr. HENDRICKSON. What will be the cost?

Mr. BUTLER of Maryland. It will be the cost of the transportation of Members from Washington to Philadelphia and return.

Mr. HENDRICKSON. It would be a minor cost?

Mr. BUTLER of Maryland. Yes; it will not be a great cost. It would involve the train fare, and probably the cost of meals of Members while in Philadelphia.

The PRESIDING OFFICER. Is there objection to the present consideration of the concurrent resolution?

There being no objection, the concurrent resolution (H. Con. Res. 85) was considered and agreed to, as follows:—

Resolved by the House of Representatives (the Senate concurring), That the Congress of the United States shall participate in the Fourth of July, 1953, commemorative observance of the adoption of the Declaration of Independence at Independence Hall, Philadelphia, Pa., and the rededication of the Nation to the principles upon which the United States was founded.

There is authorized to attend and participate on behalf of the Congress of the United States a Member from each State in the Senate and the House of Representatives, such Members to be selected by the President of the Senate and the Speaker of the House, respectively. The necessary travel expenses of any Member of Congress incidental to the performance of duties and responsibilities hereunder shall be paid out of the contingent fund of the particular House of Congress of which such Member is a Member.

MUTUAL SECURITY ACT OF 1951, AS AMENDED

The Senate resumed the consideration of the bill (S. 2128) to amend the Mutual Security Act of 1951, as amended, and for other purposes.

EUROPE'S SURPLUS POPULATION PROBLEM INTRODUCTION

Mr. SMITH of New Jersey. Mr. President, yesterday I addressed the Senate at some length on the pending bill. Today I wish to say a few words on a subject involved in the pending bill which

might possibly be overlooked if it were not brought to the Senate's attention.

I feel I should bring before the Senate some considerations bearing upon a vital and threatening problem, that of excess population in certain European countries.

It will be remembered that this same situation of excess population with the consequent unemployment was one of the major factors which led to the second World War, for it served as a pretext for the dictators to agitate regarding their need for living space, and to make those territorial demands which were a part of the trend toward war.

Bad as that situation was then, it is worse today. Added to the vast destruction of war, with its great displacement of populations and the poverty and unemployment which followed in its wake, the actual numerical strength of the populations has increased to an alarming extent.

THE PROBLEM

Mr. President, I shall state the problem, and then shall state the suggested solutions, some of which are set forth in the provisions of the pending bill.

Today there are in Europe approximately 5 million persons who are in excess of the number the Western European economy can support.

In Western Germany the population is approximately 38 million, with an additional 9 million forcibly added to that population through the expulsion of populations from Czechoslovakia and Poland, as well as by the constant flow of refugees, escapees, and others from Eastern Germany. In Austria the problem is also a pressing one, due in large degree to the same causes which I have mentioned for Western Germany. In Austria and Germany alone, the group of those who might roughly be defined as refugees, amounts to nearly 9 million, and equals the total population of Australia, or twice the population of Switzerland.

The Dutch have a problem of large proportions, caused by the return of colonists from the East Indies to the mother country.

In Italy there has been an influx of colonists returning from the former colonies in Africa, as well as of populations which have moved from the territories ceded to Yugoslavia. In addition, the actual population increase which had been stimulated by the Fascist Government has continued, for bonuses to large families have not been discarded.

Vast numbers of persons have had to return to Greece from the Near East and Middle East, and countless refugees have poured into Greece from Balkan countries, so that today there are approximately 1 million excess people in Greece, a small and impoverished country.

In actual fact that are in Europe today approximately 5 million persons who cannot decently provide for themselves, in spite of the efforts of their own countries and economic aid from abroad, particularly from the United States.

The problem, therefore, is an acute one, and carries with it the evils of unemployment and underemployment, and obliges the populations subjected to it

to standards of living below the most elementary level compatible with human dignity, making them easy prey to totalitarian ideologies.

Furthermore, while this human potential is being wasted in Europe, it could be most profitably employed by a number of overseas countries which are lacking populations sufficiently large to develop their natural resources, both agricultural and mineral, which must perforce remain dormant. A clearer understanding of the valuable qualifications of those refugees and a contribution toward their reinstatement would more fully open to them the doors of such underpopulated overseas lands of potential reception.

POSSIBLE SOLUTIONS

Aside from the contingent postwar aid, which in some part helped to relieve the urgency of the problem, particularly the achievement of the International Refugee Organization, which ended in 1952, we see that the problem is presently being dealt with in various ways and by various means.

There is national social legislation.

There are a number of bilateral agreements for the purpose of facilitating the movement of workers and their families from one country to another.

There are the countries, signatories of the North Atlantic Treaty, who have been concerning themselves more and more with the problem of labor mobility, stating in no uncertain terms that the implications of the problem are not only of an economic nature, but also are of a political nature.

There is the United Nations, where no later than in the first half of December we have heard the delegate of Uruguay present a resolution concerning migration, and the delegate of Ecuador state that his country could absorb large numbers of new settlers.

In other words, Mr. President, I am trying to show that there is population congestion in one part of the world and there are population vacuums, so to speak, in other parts of the world. We should be able to devise a program to take care of that difficulty.

There are the various international organizations, such as ILO, WHO, FAO, UNESCO, and so forth, all dealing with some aspect of the problem.

There is the Council of Europe, at which migration has been one of the topics for discussion.

Finally, there is the Intergovernmental Committee for European Migration, which is referred to in section 501 of the pending bill, under the title "Movement of Migrants."

THE INTERGOVERNMENTAL COMMITTEE FOR EUROPEAN MIGRATION

Since the termination of the very successful work of the International Refugee Organization, the only realistic effort to cope with the surplus population problem has been the establishment of the ICEM, or the Intergovernmental Committee for European Migration.

Mr. President, at this point I wish to pay a tribute to Mr. Hugh Gibson, who some years ago was our Ambassador to Belgium. During the past year or more he had been giving his services to study

of this problem. It is from him that I have received some of the information which I am presenting to the Senate today. He realizes the importance of this matter and how successful the work has been in moving a number of Europeans from overpopulated areas to less populated areas. At the moment that program does not relate directly to the United States. I shall refer later to that phase of it. At present the movement is to less populous countries of Europe, South America, and elsewhere.

Of course, there is no simple prescription for dealing with the problem of overpopulation. It is extremely complicated, as the experiences of the IRO and the ICEM have already revealed. It calls for much intergovernmental negotiation, negotiations between governments and the ICEM, agreements between governments, ICEM, and international or national banks, the formulation of projects, and a vast range of training to prepare people for their new lives overseas. I fully realize that the cost of such an operation on the scale planned to the contributing governments and the United States would be high.

This contribution consists in the temporary care and transportation of large numbers to their new homes overseas, and a participation, with all the other contributing nations, in the initial course of resettlement. Only in this way would the agency properly meet its share of responsibility in assuring the future of these people.

I believe, however, that the cost of this project, which will be very carefully estimated, will be more than repaid by the advantages both to Western Europe and the lands of resettlement, in all of which our country will largely share.

If it is made clear that the American Government attaches vital importance to this problem, I think we may safely assume that other interested governments will increase their participation in the work, so that it may be dealt with on a larger scale, instead of in the petty and timid manner which has marked the opening phases. We must face the fact that in order to succeed, a broader approach is essential.

It seems proper that the major task of easing the surplus population problem should be entrusted to the only agency set up for furthering migration, and which has no other purpose. The ICEM alone, among the international organizations, is empowered to carry out operational duties. Already its mandate has been broadened, beyond mere transportation, to include the promotion of land settlement schemes, vocational and language training, and so forth. This organization may, therefore, best serve as the instrument for attacking all phases of the problem. To dispel any doubts that by entrusting the ICEM with the task, we would risk duplication, competition, and empire-building, to which international organizations so often lend themselves, let me refer to one fundamental statutory rule of ICEM; it will move nobody who can be moved by any other organization or means; it will perform no duties that can be

performed by any other national or international organization.

At this point I should like to call the attention of the Senate to page 51 of the report of the Foreign Relations Committee on the Mutual Security Act of 1953, the pending bill. I shall quote from paragraph 41 of the report. It refers to section 501 of the bill itself. The paragraph is headed "Movement of Migrants":

The administration requested a third installment of \$10 million as a United States contribution to the Intergovernmental Committee for European Migration (ICEM). The request is based on the estimated need to move about 700,000 migrants a year for 5 years to relieve growing population pressures in Europe. Of this number, during fiscal year 1954, ICEM proposes to assist approximately 140,000, with a total budget of about \$40 million or about \$300 per migrant.

The committee points out that in April 1953 some 22 governments were members of ICEM, including 12 in Western Europe, 6 in Latin America, and Australia, Canada, Israel, and the United States. The large number of participating governments reflects the active interest of the free world in resolving this difficult problem. The need is great and the committee hopes the ICEM will proceed with all possible speed and efficiency to accomplish its objectives.

I urge my colleagues to support the \$10 million contribution to the ICEM, which is recommended by the Foreign Relations Committee. By doing so they will make it possible for a direct, concerted attack on the surplus-population problem to be made at the international level.

WHAT THE ICEM MIGHT DO

By helping to stabilize the economies of the free European countries and of the underdeveloped countries overseas, particularly in Latin America, we would improve the markets for our goods both in Europe and elsewhere.

I am certain that by using some imagination and initiative it should be possible to find and open to European manpower, surplus areas such as the vast ones which are to be found in north Africa and particularly in the former Italian colonies.

We would be contributing in no small way to strengthening the economies of our friends in Latin America as well as those of our allies in the Pacific, if we could help to promote land-settlement schemes. We would not only help to promote good will in our relations with the countries of Europe which would note our genuine desire to help them in finding a solution to their problem; we would also contribute to meeting the predominant need in the underdeveloped countries of manpower for agricultural work. The universal movement of populations toward the towns has become a source of real and grave concern in these countries since it increases the number of consumers while reducing the number of producers, thus rendering more acute the food-production problem.

By taking action of the nature proposed we would be able to achieve the following:

In Europe we would eventually contribute to the solution of the problem with its political, economic, military, and social implications through a definite and

final project, instead of continuing to mete out doles which, however useful, cannot achieve the purpose.

We would help to insure increased food production, create new markets, and strengthen our allies and friends.

We would once more prove that United States leadership of the free world in accordance with our policy declarations is not merely a figure of speech but both effective and real.

One remarkable thing about this complex of problems is that it affords us the possibility of contributing to the solution of each problem through a single operation.

THE WATKINS SPECIAL IMMIGRATION BILL

So much on the international front dealing with the population problem. I now come to the home front, and I refer to the bill introduced by our colleague, the Senator from Utah [Mr. WATKINS], which, I understand, will presently come to us from the Committee on the Judiciary.

There are two planes on which Europe's problem of surplus population must be attacked. There is the international level, to which I have referred, and the national level. Thus far I have confined my discussion of the problem to international relations because I feel that from the long-run standpoint only a remedy arrived at by concerted international action can prove to be an effective one.

However, Europe's surplus population problem is one of an immediate and pressing character. A special stopgap measure is needed now and needed badly.

In his letter to the Vice President and the Speaker of the House of Representatives requesting such special legislation to deal with the refugee and surplus population problems, President Eisenhower said: "It is imperative that we join with the other nations in helping to find a solution to these grave questions." He went on to recommend "the enactment of emergency immigration legislation for the special admission of 120,000 immigrants per year for the next 2 years." He urged the Congress to give his recommendation its earliest consideration.

Mr. President, I ask unanimous consent to have the President's letter to which I have referred printed in the body of the RECORD at this point in my remarks.

The PRESIDING OFFICER (Mr. GRISWOLD in the chair). Is there objection?

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

(The President sent the following identical letter to the Vice President of the United States, President of the Senate, and the Speaker of the House of Representatives:)

APRIL 22, 1953.

DEAR MR. —: We are all aware of the tragic developments of the past several years which have left countless thousands of individuals homeless refugees in the heart of Europe. In recent months, the number of refugees has been increased by the steady flow of escapees who have braved death to escape from behind the Iron Curtain. These

refugees and escapees searching desperately for freedom look to the free world for haven.

In addition, the problem of population pressures continues to be a source of urgent concern to several friendly countries in Europe.

It is imperative that we join with the other nations in helping to find a solution to these grave questions. These refugees, escapees, and distressed peoples now constitute an economic and political threat of constantly growing magnitude. They look to traditional American humanitarian concern for the oppressed. International political considerations are also factors which are involved. We should take reasonable steps to help these people to the extent that we share the obligation of the free world.

Therefore, after consideration of all the points of view which have been presented, I recommend, within the framework of the immigration laws, the enactment of emergency immigration legislation for the special admission of 120,000 immigrants per year for the next 2 years.

In order to help resolve this current immigration and refugee problem in the tradition of our American policy, I urge that the Congress give this recommendation its earliest consideration.

Sincerely,

DWIGHT D. EISENHOWER.

Mr. SMITH of New Jersey. Following the President's request, the Senator from Utah [Mr. WATKINS] introduced Senate bill 1917, a bill to admit an extra 240,000 European immigrants, many of whom have fled from Soviet tyranny. This bill deserves the immediate attention of the Senate. There is no valid reason for postponing full Senate consideration of the Watkins bill beyond this session of Congress. On the contrary, foreign policy considerations as well as humanitarian interests demand that those suffering under Communist tyranny know that they have a haven to which they can come. I urge my colleagues to back President Eisenhower by giving this measure their full support.

I desire to pay tribute to the Senator from Utah who has made a careful and detailed study of the matter, and who is the author of the bill to carry out the President's request.

I have had prepared for me from that bill an allocation of the nationalities that would be affected by the admission of the 240,000 people to the United States. In the first place, of those now in Germany from various countries, people known as escapees, there would be 110,000. The escapees include people from countries who have fled the Soviet terror and who have tried to get away, to find freedom in other parts of the world. According to the bill, people from Albania, Bulgaria, Czechoslovakia, Estonia, Hungary, Latvia, Lithuania, Poland, Rumania, and, of course, under the Soviet group the Ukraine, would be included. I may say from my experience with friends in the State of New Jersey that the Ukrainian people are eager that we should help their relatives to benefit from this proposed legislation; and I can say the same with respect to people from the other countries in this list, especially Hungarians and Poles, and those from the Baltic countries which I have named. In addition to that, there are people from Italy and the Trieste area, from Greece, and the

Netherlands, where there is overcrowding. That makes up the total of the 240,000 which would be our share in helping to relieve the pressure this year.

CONCLUSION

In his Inaugural Address President Eisenhower listed nine principles which would guide our national conduct. The sixth principle he states as follows: "Recognizing economic health as an indispensable basis of military strength and the free world's peace, we shall strive to foster everywhere, and to practice ourselves, policies that encourage productivity and profitable trade. For the impoverishment of any single people in the world means danger to the well-being of all other peoples."

I appeal to men of both parties to support the President in putting this principle into practice.

Here we have two programs that I am suggesting, one of which I call the Gibson plan of taking people from the overpopulated areas and placing them in underpopulated areas; the other, the quota that President Eisenhower has asked us to take, of 240,000 many of which would be people fleeing from Russian Sovietism to find a haven in our country.

I would like to close this appeal by again stressing the fact that by adopting a course such as I have outlined above, we would be able to contribute effectively through a definite single program of expenditure to the solution of the economic problem confronting our allies in Europe. We would also, by substituting such a program for the present system of doles, contribute effectively to the strengthening of our allies in the Pacific and the development of our neighbors in South America.

So, Mr. President, my remarks are aimed at supporting the provision in the bill before us for the \$10 million appropriation, and at giving support to the Senator from Utah [Mr. WATKINS] and his bill for the special admission of 240,000 immigrants.

Mr. GILLETTE. Mr. President, I wish to speak on the pending bill, but I am informed that the distinguished junior Senator from Massachusetts [Mr. KENNEDY] wishes to catch a plane. I therefore ask unanimous consent that, without losing my right to the floor, I may yield to him for 10 or 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KENNEDY. Mr. President, I am very grateful to the Senator from Iowa for his courtesy.

I arise today to speak on a matter of vital importance to the security of the United States and the entire free world. It is my firm opinion that the expenditure and distribution of the funds, equipment, materials, and services authorized under this bill on behalf of the Associated States of Cambodia, Laos, and Viet-Nam should be administered in such a way as to encourage through all available means the freedom and independence desired by the peoples of the Associated States, including the intensification of the military training of the Vietnamese.

I say that because it is my opinion, based upon the irrefutable evidence of the accords and treaties that bind the Associated States to the French Union, that genuine independence as we understand it is lacking in this area—that local government is circumscribed in its functions—that the Government of Viet-Nam, the state which is of the greatest importance in this area, lacks popular support—that the degree of military, civil, political, and economic control maintained by the French goes well beyond what is necessary to fight a war. These are harsh words to say about an ancient friend and ally, France. They are particularly hard to say because, during a visit to Indochina over a year ago, I saw something of the burdens that France carries in that area. The troops she has there are as good as any in the world—certainly the flower of her army—and she has maintained the jungle war against numerous and skillful native armies for a long period. We are well aware, in addition, that if France were to withdraw her troops today, Communists would overrun not only French Indochina but southeast Asia. But it is because we want the war to be brought to a successful conclusion that we should insist on genuine independence. The war has been going on since 1946. There is evidence that the position of the French is not improving. Meanwhile the assistance the United States is giving is steadily increasing. S. 2128 provides \$400 million for the procurement of equipment, materials, and services for the forces in Indochina, nearly \$25 million for economic and technical assistance while the fighting continues, and a classified amount included under military assistance for the Far East which totals \$1,081,420,493. The total for Indochina alone under all three categories could well exceed \$1 billion.

The New York Times has stated that we will be paying at least 40 percent of the cost of the war, and I believe that it will eventually amount up to a great deal more. Yet regardless of our united effort, it is a truism that the war can never be successful unless large numbers of the people of Viet-Nam are won over from their sullen neutrality and open hostility to it and fully support its successful conclusion. This can never be done unless they are assured beyond doubt that complete independence will be theirs at the conclusion of the war. In order to assay the degree of control now possessed by the French, it is necessary to review briefly the history of recent years.

The French won control of free Viet-Nam in 1860. It became, particularly in its southern province—Cochin China—a source of great wealth to the French until the beginning of the Second World War. During that period of time, France maintained stringent control over the area: Suffrage and eligibility for office were accorded only to the French—and the Annamites could get citizenship only by an act analogous to naturalization. In 1937, for example, there were only 2,555 naturalized French Annamites.

During World War II, after the Japanese assumed control of Indochina, the guerrilla movement against the Japanese

in that area was led by Ho Chi Minh, the present leader of the Vietminh forces and a man with a long and intimate association with the Communist movement, but who enjoyed and still enjoys a great prestige among the people of the area for his unrelenting struggle against their traditional masters, the French. It has been estimated that in 1944 the military commander of the guerrilla forces, Vo Nguyen Giap, now the leader of the Vietminh armies, had over 10,000 men under his command, which became the nucleus of the later Communist armies.

In March 1945 the Japanese officially ended the French administration of Indochina. Bao Dai, the present emperor, proclaimed the independence of Annam by the consent of the Japanese and eventually gained some degree of control over the entire country of Viet-Nam.

In August 1945, at the conclusion of World War II, Ho Chi Minh and his Vietminh supporters declared the independence of the democratic Republic of Viet-Nam. Bao Dai abdicated and became supreme political adviser to Ho Chi Minh, who was then leading a popular-front movement. Many people have since argued that Ho Chi Minh was at that time ripe for Titoism if the French had been willing to grant him sufficient political concessions. It is difficult to be convinced of this, although it is true that in November 1945 he did dissolve the Indochinese Communist Party and took similar conciliatory steps to gain the support of a majority of the people. But his record as a leading and active world Communist figure argues against this theory of Titoism, and the seizure of control by the Communists in China at a later date would have placed him in a most difficult position if he had attempted to break his ties with Moscow.

At Potsdam it had been decided, as in Korea, that the surrender of the Japanese troops north of the 16th parallel would be accepted by the Chinese, south of the 16th parallel by the Southeast Asia Command under Mountbatten to which was attached a French expeditionary corps which, with the British troops, took control of southern Viet-Nam at the end of 1945 amid scenes of violence.

The basis for negotiation between the French and the Vietminh was laid down in General DeGaulle's statement of policy of March 24, 1945. In it he provided that the Indochinese federation, composed of five distinct countries—Cochin China, Annam, Tonkin, Cambodia, and Laos—was to have an Indochinese government, presided over by a governor general representing France, and composed of French ministers and Autochthons responsible to them. This government was to be assisted by an equally mixed assembly, so composed that Annamite countries had a maximum percentage of the seats. The powers of this assembly were to be limited to voting on the budget, and deliberating law projects prepared by council of state. No definition was made of the role to be played by local governments, except to state vaguely that they would be protected and reformed. These terms were obviously unsatisfactory to the natives who were desirous of complete independ-

ence, and the negotiations were fruitless.

Finally, on March 6, 1946, an accord was signed which regulated the relationships between the French and Ho Chi Minh, an accord which—in spite of Ho Chi Minh's personal prestige—was greeted with widespread dissatisfaction by the people, for again it fell far short of their hopes and expectations of independence. Genuine independence was not promised, nor was the unification of the three provinces of Viet Nam achieved.

On June 1, 1946, the autonomous Republic of Cochin China was proclaimed, but the French High Commissioner remained in complete control. At Fontainebleau on July 6 of that year, new negotiations were begun between the French and Ho Chi Minh. France once again refused to give in to Ho's request that Viet-Nam be permitted to control its own army, that a time limit be set on France's use of military bases in the area, that Viet-Nam be permitted to exchange diplomatic representatives with other countries, that Viet-Nam have the unlimited right to purchase French enterprises in Viet Nam, and, finally, that Cochin China be joined with the remainder of the country.

On September 14, 1946, Ho Chi Minh signed a *Modus Vivendi* which further clarified the relationships between the two countries, but which maintained a heavy and substantial degree of French control over the internal and external affairs of Viet Nam. Ho Chi Minh, recognizing that the *Modus Vivendi* fell far short of the people's expectations, said upon signing it, "I have just signed my own death sentence."

Thus, in the fall of 1946, the situation in Viet-Nam continued to deteriorate. Finally, on December 19, 1946, as a result of an outbreak of violence and killing in Hanoi, the war began which has since continued with increasing fury. Since that date, the French have been faced with the difficult task of achieving the fine balance between giving sufficient liberty to the governments they have supported, in order that these governments might win the devotion of the people, and, at the same time, maintaining the basic French influence and control of the area. But concessions which the French have made to the successive governments have been considerable and if extended to Ho Chi Minh, or other popular leaders in 1945 and 1946, might have changed the entire history of that area.

In April 1947, the Mus mission was sent out as a last attempt to bargain with Ho Chi Minh. It demanded that the Viet-Name lay down their arms and permit French troops to circulate freely in Vietnamese territory. Paul Mus, the French leader of the mission, later described the terms as a request for "guaranties equivalent to surrender." Ho's terms continued the same—the Republic must include Cochin China and must have all other attributes of independence.

In 1948 a government of Emperor Bao Dai, who had left Ho Chi Minh in 1946, for China, was set up under General

Xuan. The dilemma remained: This government could gain popular support only by securing from the French terms which the French were unwilling to grant Ho; yet it was valuable to the French only if it did not insist upon obtaining as much as Ho wanted. On June 5, 1948, France sought a way out of this dilemma by stating that "France solemnly recognizes the independence of Viet-Nam. The independence of Viet-Nam has no other limits than those imposed upon it by adherence to the French Union." On May 21, 1948, the French Assembly voted to end the colonial status of Cochin China and it was attached to Viet-Nam. This represented a substantial victory for Bao Dai, and as a result he returned to his country on May 21, 1949. In January 1950, the accords of March 8, 1949, signalized by letters exchanged between Bao Dai and President Auriol of France, were approved by the French Assembly giving Viet-Nam not only unity but "independence within the French Union."

Unfortunately, to this day "independence within the French Union" represents to the majority of Viet-Nameese a contradiction in terms. Many Viet-Nameese have believed that concessions from the French were gained only as the result of military victories; that the concessions of 1949 were gained from the French only as the result of Communist victories in China; and that the concessions gained at the PAU Economic Conference of November 1950, which I shall mention in a moment, were gained only as the result of military victories of the Vietminh in the fall of 1950. These military victories were substantial and represented a major political and military defeat for the French. Major concessions by the French were still essential if any degree of support was to be achieved by the new government; for the Viet-Nameese people continued to be discontented, as shown by the statement of Premier Tran Van Huu, who stated upon returning from France in October 1950:

Many people are dying every day because Viet-Nam is not given (real) independence. * * * If we had independence, the people would have no reason to fight; there would be no struggle between Viet-Nam and Viet-Minh.

This statement was particularly forceful, as the Premier was himself a French citizen.

At the PAU Economic Conference, on November 27, 1950, the French turned over to Viet-Nam the control of customs, communications, immigration, and foreign-trade regulations. In addition, they agreed to the creation of a national army without which General LeClerc had earlier declared "there can be no military solution." On December 8, 1950, a new agreement abrogated the agreement of December 30, 1949, and recognized that the native army would technically come under the Emperor and not the French, although the training, equipping, and control was maintained by the French. Further agreements regulating the relationship between the Associated States and France were reached by the March 8, 1952, accords, and at the second meeting of the High

Council of the French Union in November 1952.

This compressed history of the negotiations between France and Viet-Nam, and the negotiations between France and Laos and Cambodia, differing only in detail, is important in that it lays the foundation for the modern relationship which governs the Associated States and France. I have believed that the successive French grants of limited independence to the people of Viet-Nam have always been too little and too late. The clearest evidence of this is the success that the Viet-Minh forces are today achieving, and the painfully slow growth in popular support which successive governments of Bao Dai have gained from the people. Unless the people of this area are assured that they are fighting for their own independence and not for the maintenance of French control when victory is won, all of our military assistance and all of the French sacrifices of their youth and treasure will go for naught.

In a letter to me from the Department of State on May 13, 1953 it was stated:

France in the accords of March 8, 1949, and the subsequent accords of December 16, 1950, had granted such a full measure of control to the 3 states over their own affairs that the point of no return to their former colonial or semicolonial status had been amply passed and these 3 countries became sovereign states.

I believe that a survey of the contractual relationships which presently bind the Associated States and France would indicate stringent limitations upon their status as sovereign states. A clear statement attesting to this was contained on page 36 of the report of the House Committee on Foreign Affairs on the Mutual Security Act of 1953, but more detailed evidence can be obtained through published accords and treaties.

It is of basic importance, at a time when we authorize the expenditure of large sums of money so that the war may be brought to a successful conclusion, that we realize that conditions are present in the relationship between France and the Associated States that make it difficult to win the wholehearted support of the natives in the struggle against the Communists. I strongly believe that the French cannot succeed in their mission in Indochina without giving concessions necessary to make the native army a reliable and crusading force.

Senators may have read recently about the kidnaping of a Viet-Nam Officer Training Corps by a company of Viet-Minh forces about 2 months ago. The fact is that more than 500 officer candidates were kidnaped, if we can believe the story, by a company of Viet-Minh rebels. Yet the kidnaped were men upon whom the French expected to rely for leadership in a native army.

At present the French control is extensive and paramount. The Associated States are "independent within the French Union," although there is no representative body within Viet-Nam that can ratify the treaty relationships between the two countries. The organs of the French Union were developed at

the conclusion of World War II to insure the continued dominance of metropolitan France over the other countries of the Union. For example, the French have, always a permanent majority in the High Council of the French Union, the President of France is the President of the Union, and the Government of France guides its actions. In the Assembly of the French Union the control is again rested in the Government of France, and the Assembly can express its opinions only on bills submitted to it by the French Assembly or the governments of the Associated States. Article 62 of the French Constitution states that—

The members of the Union place in common all their resources to guarantee the defense of the whole Union. The Government of the Republic—

This refers to the French Republic—shall coordinate these resources and direct such policies as will prepare and insure this defense.

I believe the comparison which is sometimes made between the French Union and the British Commonwealth is an inaccurate one, for the control exercised by the French Government over the activities of the Associated States within the French Union is greater than any that the United Kingdom has exercised since the beginning of the 20th century.

There are other limitations upon Viet-Nam independence as a result of their intimate connection with the French Union; their foreign policy must be coordinated with that of France, and the French must give consent to the sending of diplomatic missions to foreign countries, although that consent is almost automatic.

The French control over the military situation, including the native armies of Viet-Nam, is nearly complete. I quote from a recent letter to me from the Department of State:

United States military mission in Viet-Nam is advisory group primarily engaged in the work of the military assistance program which requires careful coordination on the supply side with the French military authorities. Our mission has no training or operational functions. In fulfilling its obligations under the military assistance program, the United States Military Advisory Group deals directly with the French military authorities and these in turn deal with the Associated States.

This means that the equipment provided in the bill which we are now considering will be turned over to the French military authorities, who will then arrange for its distribution according to their decision. Our military advisory group is limited to checking military items supplied by the United States. The French are granted for a period of time without limit facilities for bases and garrisons.

The Vietnamese Government is obliged to turn to the French whenever it desires to secure foreign counselors and technicians. As the French did not develop experienced governmental administrators during the period before World War II, this provision has given the French in the past an opportunity to guide to some degree actions within the

good idea off to a poor start, it seemed the better part of wisdom to allow the Administrator of the Housing and Home Finance Agency and the Veterans' Administrator to give intense study to this proposal during the next 6 months with a view to reporting back to the Banking and Currency Committees of both Houses next year as to the feasibility of enacting an effective and workable warranty provision. With this understanding, the House did not insist on its amendment and the amendment is therefore not contained in the bill.

The Senate receded to the House amendment relating to the Mutual Mortgage Insurance Fund because it seemed to us that the House language more effectively carried out our intent of strengthening the fund. Their amendment was identical to ours except for the provision requiring 100 percent transfer of premium charges until the resources of the fund are sufficient to cover all estimated future deficits.

The Senate also receded to some amendments contained in the House version because they were contained in other bills passed by the Senate on the Banking and Currency Committee's recommendation. Thus, we accepted the House amendments increasing the maximum interest rates on FHA-insured section 213 loans (cooperative housing), section 803 (military housing), and section 908 (defense housing), since they were contained in S. 1993 as it passed the Senate. We likewise accepted the House amendment providing community facility aid for towns forced to relocate because of the placing of an atomic installation in its original location, since it was also enacted by the Senate in a separate bill, S. 799.

The Senate receded to the House and accepted its amendment relating to "mortgaging out" on section 803, military housing. This would have the effect of preventing builders from making a profit on their mortgagee. A similar provision was originally included by the Senate Banking and Currency Committee in section 908 of the Defense Housing and Community Facilities and Services Act of 1950.

The House accepted the Senate amendment providing advance commitments under Public Law 243 for cooperative housing with an amendment limiting the authority to September 1, 1953, rather than September 30, 1953, as provided in the Senate bill. It would also authorize the FNMA to give advance commitments to purchase mortgages above \$10,000 in amount if the number of bedrooms exceed 3. The language was clarified by a House amendment.

The Senate accepted with an amendment a House provision permitting the FHA to negotiate a cash settlement with a mortgagee or mortgagor to reimburse him for expenditures made rather than permit a default on what would otherwise be a completed project. This would be done in the interest of conserving the National Housing Insurance Fund, and where because of changes in defense requirements, there is no longer a need for the housing units for which a commitment had been issued.

The House would not agree to the Senate provision providing for a 1-year extension of the Veterans Direct Loan Program with an authorization of \$50 million per calendar quarter because the Veterans' Affairs Committee of the House had already recommended a bill on the same subject to the House, which the House had acted upon. S. 1993, which the Banking and Currency Committee recommended to the Senate contained, among other things, a similar extension that only provided \$25 million per calendar quarter. The House substituted its direct-loan bill for S. 1993 and the Senate earlier today agreed to it.

The Senate accepted the House provision relating to Guam and Hawaii and the House accepted the Senate provision relating to

Alaska. The House bill provided that mortgage ceilings in Hawaii can be increased to a maximum of 50 percent above those in continental United States. However, with the clear understanding that such ceilings will only be increased to such levels as the Commissioner finds actually necessary to compensate for such actual costs, and with the intention of making a careful review of the operations of the program under this provision, your conferees agreed to the House provision.

The House insisted that with the 1-for-1 FNMA program the advance commitment authority as provided in the Senate bill for Guam would not be necessary. The Senate finally agreed to the House amendment which would permit FNMA to purchase mortgages exceeding \$10,000 in amount in Guam and Hawaii. It is our hope that with these provisions in the bill adequate housing can be built for our naval personnel in Guam and induce a greater amount of satisfactory housing in Hawaii.

The Senate provision permitting private mortgagees to make loans on the same terms and under the same requirements as the Alaska Housing Authority was accepted by the House.

From this statement on the part of the managers of the Senate, I believe it is fairly clear that in the short time since the bill was introduced that the committee of both Houses worked assiduously and effectively in providing our Nation with a good piece of housing legislation that should insure a better-housed Nation and a prosperous and stable residential-construction industry during the next year.

Mr. MAYBANK. Mr. President, I desire to say that we on this side of the aisle thoroughly agree with what the chairman of the committee has said with reference to the proposed legislation.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

MUTUAL SECURITY ACT OF 1951, AS AMENDED

The Senate resumed the consideration of the bill (S. 2128) to amend the Mutual Security Act of 1951, as amended, and for other purposes.

Mr. GILLETTE. Mr. President, in the past I have given my support and my vote in favor of the passage in the Senate of various measures designed to promote and strengthen the formation and efficacy of international cooperative action for peace among nations. I supported the Mutual Security Act of 1951 and amendments thereto because I was in full accord with its announced purpose "to live together in peace with one another as good neighbors; to unite our strength to maintain international peace and security; to insure by the acceptance of principles and the institution of methods that armed forces shall not be used save in the common interest and to employ international machinery for the promotion of the economic and social advancement of all people."

In conformity with this policy to which we as a Nation committed ourselves, I have cast my vote in favor of the passage of such measures as the Marshall plan, the Fulbright plan of student exchange, wheat for India, legislation designed to relieve human distress in many

areas throughout the world, funds for the purpose of support and maintenance of United Nations subsidiaries, and the approval of regional defense pacts, including efforts to strengthen NATO and to broaden its provisions. I have also supported the various steps taken to express the approval by the United States of such cooperative efforts abroad as the Schuman plan, the European Defense Community, and others.

Therefore, Mr. President, when I find myself, as I now do, in a position of opposition to the enactment of the pending measure extending the life of the Mutual Security Act and expanding the area of delegated authority contained in its provisions, a decent respect for the opinions of my fellow-Senators, and also the opinions of my constituents whom I have the honor to represent here, dictates that I should state frankly and clearly the reasons why I shall vote against the bill.

My objections can be stated under three general heads, which I shall list in the order of their importance in influencing my opinion.

First. That this measure emphasizes more clearly than any legislation heretofore passed the fact that while we continue to pay lip service to efforts to unite the nations of the world in effective coalition for peace, we have actually changed the course of our progress and the goal of our endeavors by emphasis on the development and perpetuation of a military alliance.

Second. That the policies we are now following are seriously endangering the economic stability of the United States, and thereby undermining the very elements of material strength which are essential to American leadership of a free world.

Third. That the present measure promulgates and expands the legislation by which the legislative branch of the Government has been delegating its constitutional responsibility for the property of the United States and transferring this responsibility over funds and expenditures to the executive branch of the Government.

Mr. President, when the Senate had under consideration the approval of the North Atlantic Treaty Organization, I made some statements on the floor which referred to some of the historical steps leading up to the state of international cooperation then existing and made some further statements which, in the light of developments since that time, have been proven prophetic. Because many of the statements I then made are not only of interest today but are still applicable today, I shall repeat some of them.

It is a long, hard, rough, winding, and twisting road that the nations have traveled during recent years toward the goal of a world free from war and with substantial and dependable moral, spiritual, political, and economic securities. But while heartbreakingly slow over the centuries, the progress in this last quarter of a century has been steady and, until the last 2 or 3 years, has been sure. How, then, can anyone who has been in any way close to this progress in thought or in participation view with unconcern,

evidence of either a willful abandonment of ground gained at so much cost and so much sacrifice or a willingness to postpone efforts at further progress?

We are prone to forget today, when we accept so readily the world's cooperative efforts for peace, how very recently the nations, including our own, were willing to admit that the concept of a world federation of nations was even feasible. How recently were they willing to concede that nations could live with one another in peace and security and cemented in their unity of goal and action by a cement stronger than selfish nationalism, firmer than predatory aggrandizement and far more lasting than military necessity. This new cement has been found in the acceptance of and adherence to certain basic principles so clear, so concise, and so clean that it is difficult to realize that their acceptance and endorsement is a development of less than a quarter of a century.

I wish to refer very briefly to some of this recent history. Our involvement in the destruction of World War I brought general recognition in our Nation of the facts that the development of weapons of offense and defense and of transportation and communication meant that our world could not survive the recurrence of increasingly destructive wars almost every generation. But while we were all in accord as to the need for abandonment of the outgrown precepts of international law, such as the freedom of the seas, power of blockade, establishment of neutral zones, and others not compatible with modern commerce, we divided ourselves into two schools of thought as to the methods for reaching the goal of world peace. One group we called internationalists, who insisted that we must surrender a considerable portion of our nationalistic rights of action and unite with other enlightened nations of the world for concerted action in setting up the machinery for world security. A second school of thought held that such a program as the internationalists advocated made us automatically a party to the traditional wars and embroilments of other continents. This group advocated that we should not only take advantage of our physical and geographic isolation, but should place on our statute books certain laws seeking to eliminate various factors which had seemed in the past to involve us in war. These factors were such as prohibiting the sale of munitions to belligerents, blockade running, arming of merchant ships, the forced collection of international debt, and cash-and-carry provisions for sale of war supplies. This issue between these two schools of thought was the dominant one in our presidential election of 1920, and the so-called isolationist school won an overwhelming victory.

The United States refused to ratify the League of Nations Covenant and attempted to place on the statute books legislation to establish and maintain so-called neutrality. But it soon became apparent that legislative enactment cannot produce a neutral position and avoid war involvement when nations and people are not in fact neutral in thought, in wish, and in purpose. When the Japanese and German regimes be-

gan to prepare for war, we increased our efforts to isolate ourselves from foreign conflict through these futile efforts to secure a neutral position through legislative fiat. Some of the present Members of the Senate will recall vividly these abortive legislative attempts. Our neutrality laws proved anything but neutral in operation. I shall not take the time to review these legislative battles and efforts, but shall content myself by saying that they were almost wholly ineffective, and our country, notwithstanding these efforts, became involved in that horrible contest of destruction that we know as World War II.

But there were great and able leaders in our Nation and other countries allied with us in the World War II contest who turned their thoughts toward securing and maintaining the anticipated victory by advanced thinking and action looking to cooperative world action to secure the peace when attained through the military effort. Six great steps were taken in the direction of security from war involvement which I shall now list with the comment of pride that freemen and free nations were able to take these steps of progress.

Step No. 1 was the Atlantic Charter. Our former great President, Franklin Delano Roosevelt, and the present Prime Minister of Great Britain, Sir Winston Churchill, met on a ship in the North Atlantic and spelled out in terse and unmistakable language the principles for which we and our allies were then waging war:

(a) We seek no aggrandizement, territorial or otherwise.

(b) We favor restoration of territory to nations deprived of these territories by force or aggressive action.

(c) We concede to every people, great or small, the right to determine the sort of government under which they choose to live.

(d) Freedom of speech and expression must be secured everywhere in the world.

(e) Freedom of religion everywhere in the world. Freedom from fear everywhere in the world. Freedom from want everywhere in the world.

Thus was taken the first great step for which our allied world was contending in the crystallization and enunciation of these principles.

Step No. 2, the Connally resolution. Notwithstanding the fact that there was a heavy trend of American opinion away from isolationism and toward internationalism, there was great skepticism in other nations as to America's willingness to enter a world compact or coalition for peace. It became imperative that the world be reassured and convinced that the United States would not repeat the repudiation dealt the League of Nations but would be ready to enter and support an international organization designed to save the world from war. Senator Connally, then chairman of the Senate Committee on Foreign Relations, appointed a bipartisan committee of 4 Republicans and 4 Democrats who could and would draft and support on the floor of the Senate a resolution that could be adopted with a minimum of controversy that would commit our

Nation, so far as Senate action could commit it, to cooperation with the rest of the world in building an organization for peace and security. As a result of their labors, the Senate adopted the Connally resolution by a vote of 85 to 5 and the world was assured that the United States would not shirk her share and her responsibility in cooperative effort.

It is somewhat saddening to me to realize that, of the group of 8 appointed by Senator Connally, 4 Republican Members, Senator Vandenberg, Senator La Follette, Senator Austin, and Senator Wallace White are no longer members of the Senate. Of the 4 Democrats appointed, Senator Thomas of Utah, and Senator Barkley are both absent, as is Senator Connally himself. The only two Members who remain in the Senate today of that group are the Senator from Georgia [Mr. GEORGE] and the present speaker.

The third step, the Moscow declaration. Now that the United States participation was assured, there was need for further assurance that the allies, including the Soviet Union, would continue their military enterprise to a joint victory and a joint peace. The Secretary of State, the Honorable Cordell Hull, journeyed to Moscow, met with the representatives of other of our allies, and came back with the Moscow declaration which gave the dual assurance of full Soviet cooperation for victory in the military effort and the equally strong assurance of her readiness to join a world organization to secure the peace of the postwar world. But with the Moscow declaration came the insistence that prior to the writing of the peace treaties the nations should take steps toward drafting a suggested document for cooperative peace effort in order that the document could be ready for study, revision, and hoped for acceptance before the end of hostilities.

The fourth step, the drafting of a tentative United Nations Charter. With the soundness of judgment which proved so effective in the case of the Connally resolution, Secretary Hull sought the advice and consent of the Senate in the work of the preliminary drafting of the charter. Once again, Chairman Connally appointed a committee of the Senate to meet for this purpose with the Secretary of State naming the same bipartisan group which had developed the Connally resolution draft. This eight man group met many, many days during many, many weeks with Secretary Hull conferring on the tentative drafting of the United Nations Charter which was presented at the Dumbarton Oaks Conference as a preliminary to the great conference to be called for the charter ratification.

The fifth step—representatives of 51 nations met at San Francisco in the month of June 1945 and prepared the Charter of the United Nations in its present form. Twenty-nine states, including the permanent members of the Security Council, having ratified the charter, Secretary of State Byrnes on October 24, 1945, signed the protocol which formally established the new world

organization. The United States Senate approved it by almost unanimous vote. The 51st ratification was deposited on December 27, 1944, only 6 months after the first signing of the charter. These are the ringing words that heralded the purpose and goal of this fifth great step:

We the people of the United Nations agree to unite our strength to maintain international peace and security and insure that armed force shall not be used save in the common interest, to maintain international peace and security and to that end to these effective collective measures for the prevention and removal of threats to peace and for the suppression of acts of aggression.

The sixth step: On the 11th of June 1948, Senator Arthur Vandenberg, of Michigan, introduced in the Senate and secured the adoption of Senate Resolution 239. I quote from this resolution:

Resolved, That the Senate reaffirm the policy of the United States to achieve international peace and security through the United Nations so that armed force shall not be used except in the common interest, and that the President be advised of the sense of the Senate that this Government by constitutional process should particularly pursue the following objectives within the United Nations charter. Progressive development of regional and other collective arrangements for handling and collective self-defense in accordance with the purposes, principles, and provisions of the Charter, that maximum efforts should be made to obtain agreements to provide the United Nations with armed forces, as provided by the Charter, and to obtain agreements among important nations upon universal regulation and reduction of armaments under adequate and dependable guarantee against violation. If necessary, after adequate effort toward strengthening the United Nations, review the Charter at an appropriate time by a general conference called under article 109 or by the General Assembly.

With this glorious record of six great steps toward the goal of world peace it is not surprising that there should be something of skepticism among our people as to whether these last 3 or 4 years constitute progress or retrogression in our attempts to banish war from the civilized world. Have we turned back, have we lost ground, are we discouraged, have we given up hope, have we reached a point where we are to all intents and purposes abandoning the grand concept of brotherhood of man and are ready to turn back the pages of human progress to the discredited concepts of past centuries that nations can be best protected from inroads and aggression by the setting up of military alliances as a means of eliminating aggression and attack?

Mr. President, from the first evidence of recorded history, the record is replete with hundreds and hundreds of attempts to form coalitions, alliances, and combinations of force designed to meet other alliances, coalitions, and groups threatening real or fancied aggression, and I make this assertion in the light of that record—there never has been in all recorded history an instance where such alliances of force were able to do more in the way of discouraging aggression than to accomplish a temporary deferment.

Therefore, Mr. President, when I review the policies which we have been following for the past 3 or 4 years, when I note the transmutation of the high

purposes of efforts for world peace into mere combinations of military force, I feel not only discouragement but I feel that it is high time that we called a halt, long enough at least to reevaluate, these policies and the direction in which the pursuance of these policies is taking us.

In a recent issue of the U. S. News & World Report there is a list of 27 countries in which we, the United States of America, a leader in the struggle for a peaceful world, have substantial United States military forces—and 22 countries in which we have smaller missions or advisory groups. Therefore, at this very moment, after the great advancements that we had made in association with other leading nations in the direction of world security, we find that we have today either sizable forces or smaller military missions in 49 countries of the world.

As a further evidence of this trend, let us refer to the measure now before us. The Mutual Security Act of 1951, which we are amending, declares it to be the purpose of the act to maintain the security and promote the foreign policy of the United States by authorizing military, economic, and technical assistance to friendly countries and to facilitate the effective participation of those countries in the United Nations system for collective security. And the bill before us which presumes to effectuate these purposes is providing \$4,765,523,000 for military assistance and \$443,634,000, or less than 10 percent, for mutual development and technical progress. Over 90 percent for purely military aid; less than 10 percent for economic assistance. Can any doubt the cause and emphasis of our endeavors? The chart appearing on page 4 of the committee report more graphically defines than words can describe the steady and rapid decline in nonmilitary assistance, and the rapid buildup of military assistance in the last 5 years, and the same report on the same page adds these significant words: "the shift from economic aid to military aid will be accelerated in the coming year." And, in addition, the bill before us extends the period for the expenditure of these funds for 2 years beyond the present expiration date of the act.

I repeat, Mr. President, is there any reason or justification for the people of the United States to feel other than great alarm at this radical change in our policies? Is it any wonder that they read into the present situation the conclusion that we are abandoning our progress and efforts in the direction of world cooperative efforts for peace and are turning our entire attention and devoting the major part of our resources to building a military machine? It is not an answer to these qualms of our people to state that the United Nations Charter has proved ineffective or to say that we have not abandoned our quest for peace but merely postponed it in order to be realistic and meet an imminent threat to our security. There is no doubt that the United Nations Charter, principally through the use of the veto power by the Soviet Union, has failed to justify the

full extent of our hopes for it, but we have not made one step in the direction of correcting or attempting to correct the inadequacies of the charter, which purpose was enunciated in the Vandenberg resolution, and which was the motivating purpose of the resolution which I introduced 6 months ago urging the President to take immediate steps to call a conference of the United Nations group under article 109 of the charter for the purpose of reviewing its efficacy and the suggestion of steps to increase its value.

Is it any wonder that our people feel perturbed at the almost complete cessation of our efforts for peace and the almost complete absorption of our Nation in preparation for war?

In addition to the provision of the present act, that more than 90 percent of the funds were authorized shall be devoted to military preparation at home and abroad, the bill makes provision to extend the termination date of the spending program from June 30, 1954 to June 30, 1956, and extending the period of liquidating the program after its termination from 1 year to 3 years. The limitation on furnishing excess United States military equipment to other nations is increased by an additional \$200 million. The sale of military equipment to international military organizations, or headquarters, is authorized. Authority is given for the loan of military equipment to other countries for test and study. A special fund of \$100 million is authorized for developing special weapons.

In all candor, Mr. President, I ask in which direction we are going—toward war or toward peace? What are we trying to do in the world—are we trying to extend humanitarian, technical, and rehabilitation aid to friendly nations in order to help them raise their standard of living—help them develop purchasing power and markets for our surpluses—aiding them in building themselves spiritually, morally, intellectually, and commercially, or is our goal under the plausible sugar coating of these announced purposes, the building and arming of a coalition for the sole and only purpose of establishing a powerful military alliance. I readily realize that it has been and will be repeatedly asserted that this alliance of strength of arms is to be used solely for defensive purposes and not for offense. But, Mr. President, there never has been in history a military alliance built that was not founded on the pretext that its purpose was solely for defense.

Mr. President, in this talk I have discussed the first of the three reasons why I am opposing the present bill. I stated that my first reason, and most important reason, was that this measure emphasizes more clearly than any legislation heretofore passed the fact that while we continue to pay lip service to efforts to unite the nations of the world in effective coalition for peace, we have actually changed the course of our progress and the goal of our endeavors by emphasis on the development and perpetuation of a military alliance.

After taking the sixth great step as evidenced by the overwhelming approval

of the Vanderberg resolution, No. 239, why was the progress toward peace so abruptly interrupted? As further proof of the change not only of emphasis but of direction in our international policy, let me list some of the recommendations of the Vanderberg resolution, and our own failure to implement them. The resolution urged immediate steps toward agreement among nations for reduction of armaments. Although the late lamented Senator McMahon and also the eminent Senator from Vermont [Mr. FLANDERS] have each led large groups of Senate sponsors in the introduction of implementing resolutions to effectuate this purpose, no word of approval or hint of action has been forthcoming from the executive department to further the passage of legislation looking to world reduction or elimination of armaments.

The Vandenberg resolution urged maximum efforts to obtain agreements to furnish the United Nations with armed force as provided by the charter. Action of this kind would implement article 47 of the United Nations Charter directing the establishment of a Military Staff Committee for the strategic direction of armed forces placed at its disposal under the terms of the article. What action has been taken to carry this recommendation of the late Senator from Michigan into effect? It is easy to allege that this could not be done because of the veto position of the Soviet Empire. But, Mr. President, what effort has been made to bring this implementation as far as it could be carried, before meeting the challenge of a veto? Is the prospect of a veto sufficient justification for the cessation of all effort to provide the United Nations with an instrument for charter purpose? This lack of action was a heavy contributing factor to the situation which has developed in Korea where we find the United States furnishing a third of a million men and untold material resources to repel aggressive action ostensibly under the aegis of the United Nations and a situation that is almost pathetic, as well as tragic, in its lack of plausibility.

The Vandenberg resolution recommended that if adequate effort toward strengthening the United Nations proved ineffective, a review of the charter at an appropriate time be initiated under article 109 of the charter, which provides for the calling of a general conference to consider charter revision. The junior Senator from Iowa attempted to carry this recommendation into effect by submitting in this body Senate Resolution 30 on January 26, last, urging the United States to take the leadership in initiating the calling of a general conference for charter review under article 109, as urged by Senator Vandenberg and as approved by the Senate by almost a unanimous vote. But the Department of State, in answer to requests by the Senator from Wisconsin [Mr. WILEY], the chairman of the Senate Foreign Relations Committee, for its comment on my resolution, stated:

The Department has anticipated that a proposal to call a Charter Review Council will be considered sometime during 1955.

Mr. President, it will be recalled that it is compulsory that there be consideration of review of the charter in 1955, 19 years after its adoption.

I read further from the statement by the State Department:

The development of an official United States position toward the question of charter review will require very careful and detailed preparation within the Government, including official studies advised from Members of the Congress, and private discussions with other governments. And there should also be, in the judgment of the Department, full opportunity for the public to inform itself of the problems involved and to express its views. This suggests the wisdom of concentration in the use of the next 2 years to assure that there will have been adequate consideration of this matter on the part of the American Government and people. Consequently, the Department believes there would be no advantage in attempting to advance the date of the General Conference as provided in Senate Resolution 30.

Senate Resolution 30 is the one which was submitted by me.

Thus, Mr. President, did the Department of State postpone even a belated effort to implement the Vandenberg resolution which was adopted more than 5 years ago, on July 11, 1948.

Therefore, Mr. President, I am taking the Department of State at its word. In opposing the taking of action under article 109, by calling a preliminary conference, so as to make a provision for and to take action looking to a review of the charter of the United Nations, the State Department took the position which I have just stated, namely, that there should be opportunity for study during the next 2 years, so that at the time when, under the proper provision of the United Nations Charter, there is to be a compulsory conference regarding revision of the charter, we would be prepared to act. So, Mr. President, I have prepared a resolution, using the identical words of the State Department's report on my resolution, proposing that a commission be appointed for the purpose of doing what the State Department has said should be done.

I have prepared my resolution with specific consideration of the statement of the Department of State that the development of the United States position for charter review would require careful and detailed preparation within the Government, including official studies, advice from Members of Congress, and private discussions with other governments. To effectuate these preliminary studies, the resolution provides that the Committee on Foreign Relations or any subcommittee thereof, in conjunction with two additional Senators, to be named by the President of the Senate, be directed and empowered to make a full and complete study of proposals to amend, revise, or otherwise modify or change existing international peace and security organizations for the purpose of guiding the Senate and assisting the executive department in crystalizing the policies of the United States when a general conference of the United Nations for a review of the charter is called in 1955, in accordance with the obligatory pro-

visions of article 109 of the United Nations Charter.

Mr. President, I now ask unanimous consent, out of order, to submit the resolution for appropriate reference.

The PRESIDING OFFICER. Is there objection?

There being no objection, the resolution (S. Res. 126) calling for a study of proposals for a modification of existing international peace and security organizations, was received and referred to the Committee on Foreign Relations, as follows:

Whereas revision of the present Charter of the United Nations is necessary if the purpose for which the United Nations was established, to maintain international peace and security, is to be achieved; and

Whereas article 109 of the charter provides that a general conference to review the charter "may be held at a date and place to be fixed by a two-thirds vote of any seven members of the Security Council," and further that "if such a conference has not been held before the 10th annual session of the General Assembly, the proposal to call one shall be placed on the agenda of that session of the General Assembly, and the conference shall be held if so decided by a majority vote of the members of the General Assembly and by a vote of any seven members of the Security Council"; and

Whereas the Department of State has anticipated that a proposal to call a charter review conference will be considered at the 10th regular session of the General Assembly, that is, during 1955; and

Whereas the Department of State has stated that the development of an official United States position toward the question of charter review, and toward the many individual issues involved, will require careful and detailed preparation within the Government, including official studies, advice from Members of Congress, and private discussions with other governments, as well as full opportunity for the public to inform itself regarding the problems involved, and to express its views; and

Whereas the establishment and development of regional security arrangements and agencies in accordance with article 53 of the charter have raised questions as to the relationship of such regional security organizations with the United Nations: Now, therefore, be it

Resolved, That the Committee on Foreign Relations, or any subcommittee thereof duly designated by the chairman of such committee, in conjunction with two other Senators, not members of the Committee on Foreign Relations and not of the same political party, designated by the President of the Senate, is hereby empowered and directed to make a full and complete study of proposals to amend, revise, or otherwise modify or change existing international peace and security organizations, for the purpose of guiding the Senate in the fulfillment of its responsibility, under the second paragraph of section 2 of article II of the Constitution, to advise the President with respect to the foreign policy of the United States, and particularly with reference to the policy of the United States at the general conference of the United Nations for review of the charter to be held in accordance with article 109 of chapter XVIII of the charter.

SEC. 2. The committee shall report to the Senate prior to January 31, 1955, the results of its study and investigation, together with such recommendations as it may find desirable.

SEC. 3. For the purpose of this resolution, the committee is authorized to employ on a temporary basis such technical, clerical, or other assistants, experts, and consultants as

it deems desirable. The necessary expenses of the committee under this resolution, which shall not exceed \$50,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee or subcommittee, as the case may be.

Mr. GILLETTE. Thus, Mr. President, did the State Department postpone even the making of a belated effort to implement the Vandenberg resolution, which was adopted more than 5 years ago, namely, on July 11, 1948.

Another recommendation of the Vandenberg resolution calls for voluntary agreements to remove the veto power from all questions involving pacific settlements of international disputes and situations, and from the admission of new members. Not one effort, so far as the present speaker is advised, has been taken in the direction of implementing this recommendation.

I well realize that it is constantly urged that the recommended actions cannot be carried into effect because of the use or abuse of the veto power by the Soviet Union. But I repeat, Mr. President, that there is no shred of fairness in blaming inaction on an anticipated veto of proposals unless and until such proposals are made. It is certainly not fair to accuse another party of repudiating a proposal that has never been made, and to excuse lack of diligence in presenting a proposal on an anticipated refusal of acceptance.

It is true that we have not abandoned support of the United Nations, and it is true that the General Assembly has made notable progress in strengthening the efficacy of the United Nations within its limited advisory powers. But I feel that when a document marks the high point of progress for civilized nations towards a collaborative effort for world security, it is tragic to note the lack of effort, the lack of diligence, the lack of direction, and the lack of purpose to increase its value and assure its efficacy.

This lack of responsible effort in the direction of strengthening the United Nations Charter is also in large part the result of our vacillating and uncertain exercise of responsible leadership in international affairs. I believe there are a few who will not agree that while not seeking a dominant position in world affairs, the United States after World War II was forced into a position of leadership, unique in the world's history. It is hard for those who have not come into close contact with the people of nations abroad, particularly in the non-Soviet areas of Europe and Africa, to realize the depth of confidence and loyalty to United States leadership in a free world, that was so effective in buoying up the hopes of people of these nations, and which developed in the years immediately following World War II. It is more difficult, Mr. President, for those who have not contacted these people to realize how that confidence in our leadership has suffered during the past 2 or 3 years. During this period, Mr. President, I have traveled in 18 nations of the so-called free world in Europe and Asia, and I assert with real

sadness that the United States has lost a measurable percentage of the confidence of the peoples of these areas. Of course, they still respect our military strength and acknowledge our industrial and commercial dominance; but, without exception, the people in these various nations lamented the fact that it seemed to them that America had not only lost her dominant position of leadership, but had no plan or purpose of regaining the confidence and beliefs of these people in our Nation's altruism, sincerity, or even integrity. They say we helped win the war. They say we helped write the peace. They say we helped tremendously in relief efforts and reconstruction aid. But in nation after nation responsible leaders would ask me why the United States did not assert her leadership, instead of time and again supinely allowing the leadership to be taken away, not only by the Soviet Union and its satellites, but by some of the nations within our free world in whom they had less confidence.

It gives me pleasure at this point to quote from a report of Secretary of State Dulles when he returned a short time ago from a visit to the Near East and South Asia. The Secretary stated, in part:

The people of the Near East and South Asia are suspicious of the colonial powers; and we of the United States, too, are suspect, because they reason our NATO alliance with France and Britain requires us to try to preserve or restore the old colonial interests of our allies.

I'm convinced that United States policy has become unnecessarily ambiguous in this matter. The leaders of the countries I visited fully recognize it would be a disaster if there were any break between the United States and Great Britain and France. They don't want this to happen. However, without breaking out from the framework of western unity, we can pursue our traditional dedication to political liberty. And the reality is that the Western Powers will gain, rather than lose, from an orderly development of self-government.

I emphasize, however, the word "orderly." Let none forget that the Kremlin uses extreme nationalism to bait the trap by which it hopes to capture the dependent peoples.

I am happy to note that the Secretary of State reached the same conclusions that I was forced to reach after visiting these explosive areas.

I recognize, Mr. President, that in the present condition of the world, and with the need for military strength, there must be support for the establishment and maintenance of armaments. But it is my earnest belief that it is impossible to build or conserve a free world based on force alone. It is impossible with all the resources of our Nation and our friends to continue devoting our efforts, our resources, and our manpower solely to building up and projecting into an unlimited future a so-called defense of a perimeter of action within which an adversary can, by merely threatening in areas thousands of miles apart, compel us to deploy these resources in manpower and material all over the world, and if we allow those making the threats to call the time and designate the areas. There are things, Mr. President, that are

more potent than artillery, more valuable than tank battalions, and more persuasive than aircraft. I refer to the innate belief held by men everywhere in the world that right will eventually triumph over might. I realize, of course, that the statement I have just made will be asserted by some to be idealistic and visionary. But I believe, Mr. President, that I have lived long enough to know that these beliefs in ideals and the triumph of right are by far the strongest forces in the civilized world today.

Mr. FLANDERS. Mr. President, will the Senator from Iowa yield to me?

Mr. GILLETTE. I am glad to yield.

Mr. FLANDERS. A moment ago, during the course of the excellent address being delivered by the Senator from Iowa, he referred to the distrust of the United States which arises from our alliance with certain colonial powers; and the Senator from Iowa expressed the thought that we could free ourselves from the suspicion of supporting colonialism, without having to break with those powers.

I may suggest that there is a golden opportunity in Indochina at this moment, an opportunity which, if we continue to bungle as we have been bungling, will be lost. The King of Cambodia took a little excursion into Thailand to express the desire of himself, his country, and his people for independence. The Kingdom of Laos was invaded, apparently as a demonstration, after which the invaders returned to Vietnam. In the judgment of the Senator from Iowa, would it not be a good thing for us to suggest now to the French that, if we are to assist them further in Indochina, it must be in the implementation of their often expressed intention to give independence to that region when the present troubles are over?

France need not wait. Cambodia wants independence now. Why should not France negotiate independence with Cambodia now? Why should not France negotiate independence with Laos now? If that were done, the people of Vietnam might have some confidence in the policies of the French, which they cannot under any circumstances have at the present time. Why should we not suggest to the French Government, in the interests of the French Government, that it give assurance to the promises of independence for Cambodia and Laos, and thereby undermine the strength of the opposition which the French are meeting in Viet-Nam at the present time?

It would seem to be an opportunity for leadership which would be to the advantage of the people of Indochina and also to the advantage of the hard-pressed French Government, and which at the same time would relieve us of some of the tremendous undertakings into which we may be drawn willy-nilly by our unwillingness to use imagination and courage in this particular situation.

Mr. GILLETTE. Mr. President, I sincerely thank the Senator from Vermont, because he has shown by his very clear statement what I, in my poor way, have been trying to make plain, namely, that

we have lost the confidence of these people. Last December I visited Pakistan, India, South Arabia, Iraq, Iran, Lebanon, Syria, Egypt, and Transjordan; and the leaders in every one of those countries in that explosive area called my attention to the line of thought to which the eminent Senator from Vermont has just referred. They recognize that we are leaders, but they insist that we are not assuming our responsibility and the position our power in the world today assures to us. I know that the greatest military forces that could be assembled would be useless in inspiring confidence in us, by people of other nations who have reached a conclusion that we are a nation of warmongers, and that under the white cloak of asserted devotion to world equity and peace we hide a black purpose of imperialistic designs against other people. In every nation of the Middle East that I visited last December, excepting one, it was repeatedly asserted to me by responsible leaders that we were allowing ourselves to be used as instruments to underwrite the decadent imperialisms that had for so long dominated the huge colonial areas of Asia and Africa.

This attitude was stated clearly and tersely to me by one of the ablest leaders of Egypt. He said—and I take pleasure in presenting this as the most cogent statement that could be made of their viewpoint:

Your Nation's leadership is deteriorating because you have either wittingly or unwittingly allowed yourselves to be used by former colonial powers to protect the remnants of their colonialism. If you are doing this unwittingly, you are dupes and unworthy of leadership. If you are doing it wittingly, you are even more unworthy of leadership because of this departure from your high-sounding assertions of advocacy of peace, democracy, and self-expression for peace everywhere.

That statement was made to me by one of the outstanding leaders of Egypt.

Why have we lost the leadership that is based on confidence in us and the sincerity of our purposes and goals? Repeatedly our diplomats have warned us that we have lost initiative in Europe and elsewhere. Why have we failed so abjectly in recent months by surrendering leadership in world-peace efforts, not only to friendly nations, but to the Soviet Union itself? Have we demanded and insisted on steps to insure free elections in the satellite states? Have we demanded and insisted that a peace be consummated with Austria? With the United Germany? Oh, I know that we have not relinquished our support of these things, but what have we actually done in the way of strong directive leadership? We have even allowed Russia to appear before the people of many free nations today as a claimed exponent and leader for world peace. It does not reassure us to state that their efforts and purposes are phony. The way to meet a phony leadership is to provide an honest one.

It is particularly pertinent to the subject matter I have been discussing that the Washington Star of last Friday night carried an article by Dorothy Thompson, from which I quote the following:

International unity over the uses of armed force in pursuance of abstract ideals is impossible. This concept cannot promote peace. It can only assure perpetual wars in the name of peace, dispersed all over the globe to fight Communist, anti-Communists, and Nationalists, and protect state of dubious viability. The United States becomes not the world's leading power but the world's leading slave—slave to an impossible millennial idea of "peace by superior force," without the superior force of a world reign of law in a world which has no common standards of law.

When I started to discuss this bill today, I stated that my objections to the bill could be grouped under three heads. I have been discussing but one of these heads up to the present time, because it embodies my principal objection. I shall revert to this first heading after I have briefly discussed the two other headings.

Under this second heading, I stated that the policies that we have been following in the huge expenditures of money for military aid abroad and military purposes at home constituted such a tremendous threat to our economic stability that it might well destroy the potency of our leadership. How futile it would be to repeatedly insist that the need of arming the free world for defense must, of necessity, be under the leadership of the United States—when the sapping and undermining of our economic stability would not only seriously impair the worth of that leadership but render necessary aid impossible. How tragic it would be if the future should bring us into full involvement in world war III, if we found our strength in men and material so debilitated that we could not carry the burden imposed on us by such a conflict. There is considerable evidence in our intelligence reports and items of news, that reach us from behind the Iron Curtain, that Russian leadership has given serious consideration to the possibility that it would not be necessary for them to launch a world conflict if they could bleed the United States white by draining her manpower and her industrial strength through threats directed at various point along the perimeter outlined by our so-called containment policy.

Within the past few days, Members of Congress completely alert to this threat, including such outstanding Members as the majority leader [Mr. TAFT], the experienced senior Senator from Georgia [Mr. GEORGE], the astute Senator from South Carolina [Mr. MAYBANK], and the great House Member from the State of New York [Mr. TABER], have all alluded with dismay to the fact that we are threatened with a burden of debt and demands on our financial position that approximates one-third of a trillion dollars—a certainly unbalanced budget near \$9 billion for the present fiscal year, an almost certain increase of this deficit in the coming fiscal year, and the equal probability that we shall have to increase the debt limits far beyond the limit that we have heretofore set and which has heretofore seemed capable of meeting every contingency.

In the third heading of my objections to the present measure, I list the great concern over the rapidly expanding tendency of the Congress to divest it-

self of its responsibility over the property of the United States and appropriations from the United States Treasury that has been constitutionally placed in the legislative branch.

From the first beginnings of representative government and democratic institutions, every nation has consistently, sedulously and assiduously fought to keep the control of expenditures within the authority and control of the legislative branches nearest and closest to the people and where the people could demand an accounting with the clearest and quickest results.

Let me quote again from these well known provisions of our own Constitution:

Section 3 of article IV of the Federal Constitution states:

The Congress shall have the power to dispose of and make all rules and regulations respecting the territory or other property of the United States.

Section 9 of article I of the Constitution states:

No money shall be drawn from the Treasury but in consequence of appropriations made by law and a regular statement and account of receipts and expenditures of all public money shall be published from time to time.

Section 7 of article I states:

All bills for raising revenue shall originate in the House of Representatives.

Section 7 of article I adds this safeguard:

Power to raise and support armies but no appropriation of money to that use shall be for a longer term than 2 years.

All of these provisions, as well as the whole tenor and purpose of our National Constitution, is designed to hold the legislative branch immediately responsible to the Nation for the disbursement of the Nation's resources. How ridiculous it would be if we should pass appropriation bills approving lump sums of money to executive agencies and attempt to delegate to them the power to spend these funds as they judge fitting and proper. Yet, Mr. President, the bill before us clothes the executive department with authority to spend hundreds of millions of dollars in such areas as they see fit, in such amounts as they see fit, in such manner as they see fit, by making transfers of funds from one purpose to another, from one nation to another, and from one area to another.

Even today, Mr. President, the eminent chairman of the Committee [Mr. WILEY] whom I hold in great affection, offered an amendment to increase from 10 percent to 25 percent the funds which may be transferred from one appropriation to another. Under the provisions of the proposed amendment, one-fourth of the \$5,300,000,000 could be placed in the hands of the President of the United States for such use as he might see fit to make of it, of course, within the broad outline laid down in the bill. The eminent Senator from Wisconsin invited attention to the fact that there had been a careful analysis of the proposed expenditures, that military experts had studied the needs and sifted them very carefully and made a report to the

Budget Bureau and to the former President, and they found it was necessary to provide \$7,500,000,000. They said that amount was absolutely necessary; that it was the rock-bottom figure.

The present administration examined it, in the light of advice from its military experts, and found that \$7,500,000,000, is not required but only \$5,300,000,000. The experts now say, "Do not cut it beyond that point, because we have every dollar of fat cut out of it. The amount cannot be cut below that point without seriously jeopardizing the security of the Nation." After the Foreign Relations Committee had given it some weeks of consideration, the administration sent up a supplemental report that we could cut several million dollars more out of it.

How can anyone come before us and say that a certain amount is the bottom figure?

I am fully aware, Mr. President, of the argument that is made that conditions threatening certain areas of the free world change with kaleidoscopic rapidity and funds that appear to be needed in one area today may be needed to a far greater degree in another area, and that a certain elasticity and resiliency is essential in the use of these funds so that the executive department may meet the changes of need, and, therefore, there is a proposal to change the basis of 10 percent to 25 percent, in the discretion of the President.

That means that \$1,300,000,000 under the present bill, can be transferred without the authority of the Congress. What kind of a way of legislating is that? Why not give the President 100 percent authority, if that is the only matter which is to be considered? Why not give him authority to spend the entire \$5,300,000,000 as his judgment may dictate?

I have the highest respect for the President of the United States, both as a civilian servant and as an expert military man, but I am not willing to give such authority to any man under God's heaven, and thereby avoid the responsibility which the United States Constitution places on the Congress of the United States, not on the executive branch.

Mr. MALONE. Mr. President, will the Senator from Iowa yield?

Mr. GILLETTE. I shall be very glad to yield.

Mr. MALONE. I should like to ask the distinguished Senator from Iowa a question. To compliment the President of the United States has become a rare occurrence on this floor. If the Senate does not vote for this bill, the President cannot spend the money, can he?

Mr. GILLETTE. No, of course, he cannot.

I would also advert to the argument made by the very able Senator from New Jersey [Mr. SMITH] that this is not an appropriation bill, but is an authorization bill. Of course, that is correct, but for every dollar paid of the Treasury, the fact remains that the responsibility for paying it is ours.

Mr. MALONE. Mr. President, will the Senator from Iowa yield further?

Mr. GILLETTE. I yield.

Mr. MALONE. I should like to ask the distinguished Senator a question. It has been talked around the corridors for a week or two that the Senate has no responsibility, that the Appropriations Committee could stop appropriations. Can the Senator tell me the percentage of appropriations over the years which have been stopped in that way after expenditures have been authorized by Congress?

Mr. GILLETTE. I cannot answer the question as to proportions, but I have been a Member of the Congress for many years. There has not been a month in which I have served that I have not heard in connection with the consideration of an authorization bill the statement, "This is merely an authorization bill. It will be gone over very carefully. Do not worry about it. The Appropriations Committee will go over it with a fine-tooth comb."

Then the Appropriations Committee says, "A legislative committee held extensive hearings on the matter; they have gone over it very carefully. All we have to do is to make the money available. We do not go into the basic questions."

I have heard that over and over again.

Mr. MALONE. Mr. President, will the Senator yield further?

Mr. GILLETTE. I yield.

Mr. MALONE. Is it not customary procedure to say, "It is merely an authorization," and then to go to the Committee on Appropriations and say, "The entire Congress has authorized the appropriation. How can the committee sit here and not allow us to have it?" Is not that correct?

Mr. GILLETTE. The committee is told, "Your duty is purely functional."

At this point, Mr. President, I am going to refer to another matter which seems pertinent to mention in connection with the bill before the Senate.

Section 304 of the bill provides that the "President may make available, on such terms and conditions including transfer of funds, as he may specify not to exceed \$400 million for the procurement of equipment, material, and services as defined in section 411 of the Mutual Defense Assistance Act of 1949, which are required by and are made available to, or are necessary for, the support of the forces of France, and the Associated States of Cambodia, Laos, and Vietnam, located in such Associated States."

It will be noted, Mr. President, that this sum of \$400 million authorized for this area, which we know as Indochina, can be augmented through transfer of additional funds from other allocations and areas if the President so wills. In the course of the hearings on this bill, I asked the Honorable Secretary of State, Mr. Dulles, under what theory the State Department proposed to give this assistance in the Indochina area. Was it the conception of the Department that we should interfere in a civil war in Indochina by taking sides with one of the contending forces? Or was it the thought of the State Department that we should participate in aiding France to perpetuate some remnant of her

colonial empire in that area through aid in putting down some nationalistic uprising—or was it their conception that the threat of Communist aggression in this area called for our support in preventing Communist dominance of a vital area through aggressive action?

I asked Secretary Dulles on which of those theories was based the request for \$400 million. I further asked the Secretary of State to state why, if his reply was that we were proceeding under the third theory that it was essential to the free world, peace, and security that this area should be defended against Communist aggression, we did not proceed as we did in Korea, under the aegis and authority of the United Nations, why we were taking unilateral action in this area independently of the United Nations authority.

I repeat those questions today, Mr. President, and I know that a large segment of the people of the United States would like a specific answer to those queries. No one realizes any more than I do the threat to a free world that would follow successful aggression in Indochina. But, Mr. President, I can see great disaster if aggression should be successful in Formosa, in Japan, in the Philippines, in Burma, in India, in Iran, in Saudi Arabia, in Yugoslavia, in Eastern Germany, or in Western Europe, in Turkey, or in a score of other areas. This is another instance of going it alone, which is as inconsistent with our pledged support of cooperative action under our United Nations responsibilities as would be a complete repudiation of our U. N. responsibilities.

Mr. LONG. Mr. President, will the Senator yield?

Mr. GILLETTE. I yield.

Mr. LONG. We hear of more and more commitments every time we turn around, and one thing that troubles me about them is that there is never any commitment on the part of anyone to come to our aid if we should be attacked. I have made the point on the floor of the Senate that no European nation is committed to help us in the event we have to go to war to keep the Communists from taking the whole Pacific; they are committed to go to war only in the event an attack occurs in the North Atlantic area.

Mr. GILLETTE. The Senator is absolutely correct.

Mr. LONG. On the other hand, we are committed to go to war in the event the Communists decide to attack in the Western Hemisphere, in South America. But South America is not committed to help the United States if an attack should occur in this part of the Western Hemisphere. We have 1 or 2 small allies on whom perhaps we could rely to help us in the event an attack occurred in certain areas of the Pacific, but only in certain areas.

It seems to me that if the United States undertakes to spend hundreds of millions of dollars for additional commitments, a study should be made of a program of consolidated approach, whereby in return for our help to nations throughout the world, they will help share our burden in the event we must undertake to assist in repelling ag-

gression at various other places in the world. Why should the United States have to go everywhere to repel aggression and not have any help? It would seem to me that other nations should be willing to help share the burden.

Mr. GILLETTE. I thank the Senator from Louisiana for his clear presentation of that viewpoint.

I was chagrined and seriously concerned over the attitude expressed toward the United States throughout those very vital areas. I know, as everyone else knows, the danger that would threaten if an attack should be launched through Indochina. I know, because I was there, of the danger that would be inherent in an attack by Russia if she saw fit to attack Iran and take over the oil fields. I know the danger in connection with other areas.

I know that we cannot stop an attack in Western Europe for any length of time. Any military man knows that. I am not a military man; I am speaking with knowledge of their studies. Yet in the face of that knowledge, we find ourselves, as proposed by this bill, taking unilateral action. Whatever plausibility there was in our action in Korea, we took it under the aegis of the United Nations, and we are proceeding under it today, plausibly or without plausibility. But the proposed action in Indochina is without any shadow of concerted action to which we are committed under the United Nations. Yet we propose to take independent action and, again, place authority in the hands of the President. Even if the President were the ablest man in the world, or the man of the highest character the world has ever produced, I would not be willing to vote, and I shall not vote, to place huge sums of money in the hands of the executive department, when I have sworn on my oath as a United States Senator to perform constitutional responsibilities that have been placed upon Congress including the body of which I happen to be a Member.

Mr. MALONE and Mr. CASE addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Iowa yield; and if so, to whom?

Mr. GILLETTE. I yield first to the Senator from Nevada, who was first on his feet.

Mr. MALONE. The distinguished Senator from Iowa has said, and I believe it to be true, that our Army in Western Europe would be just as helpless as a baby in case of a real attack. Does the Senator believe we are fooling the Russians into believing that perhaps we could stand up under an attack? Whom are we fooling?

Mr. GILLETTE. Everyone knows that Russian intelligence is equally as efficient as our own, perhaps more so. They know what they can do. They know what the military situation is. What concerns me is a policy we have laid down, saying, "You can go no farther than that. You must stay within that perimeter. We are not going to permit a policy of containment."

Then they can stay in the middle, and simply by expressing a threat, which

they do not have to carry out, they can compel us to dissipate and deploy our resources, our men, and our material in Formosa, Korea, Indochina, Burma, Iran, Iraq, Western Europe, and everywhere else throughout the world.

Is it not time that we took the initiative. Is it not time that we did not allow the potential enemy, as we conceive them and know them to be, to call the tune?

Mr. MALONE. In my opinion, it is long past the time, and the United States Senate has it within its power to direct the operations.

Mr. CASE. Mr. President, will the Senator yield?

Mr. GILLETTE. I yield to the Senator from South Dakota.

Mr. CASE. The Senator from Iowa certainly has put his finger on a matter which has distressed a great many of us for a long time. When we announced a policy of containment, we gave to the Communists control over time and place. Just so long as that condition remains, it makes it possible for them, if they so desire, to run us ragged all around the perimeter.

I understood the Senator to say that this venture into Laos, Viet-Nam, and Cambodia is the result of a unilateral determination of current origin. As a matter of fact, I recall that it was in the summer of 1950 that President Truman sent the proclamation to the people of Laos, Vietnam, and Cambodia, and assured them of this support. He told them then that they should resist the Communists, and that we would be at their side. He made this pledge in 1950, 3 years ago this summer.

So far as I know, that continued to be the administration policy. I think it was a decision on the part of Mr. Truman, possibly associated with Mr. Acheson, in about the same way as the decision was made to send troops into Korea, and then ask the United Nations to confirm it.

Mr. GILLETTE. I thank the Senator. Let me add to what the Senator has just said that it does not make a scintilla of difference to me whether a policy which I consider wrong had its genesis in a Democratic administration or a Republican administration. If it is committing the United States beyond the authority of the agent, be it legislative or executive, I repudiate it. I refuse to be committed.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. GILLETTE. I yield.

Mr. DIRKSEN. I tried to make the point earlier this afternoon in my remarks that with respect to Indochina I see no hope unless it rests in our addressing ourselves to the conviction of the people. To show how that works, a defensive war, without a battle line, is proceeding in the Red River Delta up in Hanoi and Haiphong, which is not too far from the north China border.

Mr. GILLETTE. I heard the Senator's remarks.

Mr. DIRKSEN. We have this amazing spectacle: In the morning the French troops are sent out and spaced every 100 meters along the roadway. At night

they are gathered up and brought into the compound. By day they are in charge. At night the guerrillas, meaning the Vietminh forces, are in charge. If that is not defensive warfare in Indochina, I never saw defensive warfare. When our people cannot leave the air base without getting their throats cut along the highway, and when one eats his dinner at the embassy with floodlights on the Ambassador's home, with armed guards around, if that is not defensive warfare, I never saw it.

The difficulty is that the two forces are evenly matched. I refer to the Red forces under Ho Chi-minh, on the one hand, and the Viet-Nam forces joined with the French Union forces, on the other hand. They are about equal in strength. There is one great segment in the middle. There is an affectionate term for them. They are called the "fence sitters." They are waiting to see which way to go. They will not make a move until there is some assurance that there is a target, that there is a hope somewhere in the future. That hope has not been expressed, after 87 years of colonial exploitation by the French in Indochina.

This condition of warfare has persisted for 7 years. How many more years will it go on, and what will the end result be? We may be very considerably embarrassed in Indochina before it is over. Suppose the forces under Ho Chi-minh should simply go underground for a little while, and everyone should come to the conclusion that the war was over? I have asked military men the question, what would constitute a victory in Indochina? We cannot even get a definition of a victory, because no one seems to know at the moment. If that is the case, how long will the warfare go on? It will go on as long as the forces opposing the French can despoil the countryside, get what rice, meat, and fish are available, and then be fed from south China by way of Siam and elsewhere. This could be an interminable thing. But does it not finally take us to a potential which is not unlike Korea? Will the situation not ultimately call for invasion by American troops? That will be disaster; that will be tragedy.

Mr. GILLETTE. I thank the Senator. I listened very intently to his remarks, and obtained real enlightenment from his discussion this afternoon with respect to this particular area.

Mr. McCLELLAN. Mr. President, will the Senator yield?

Mr. GILLETTE. I yield.

Mr. McCLELLAN. Are we not presently paying for the war in Indochina? Are we not contributing to the French the equivalent of what the war is costing them?

Mr. GILLETTE. I think in large part that is true.

Mr. McCLELLAN. Actually, we are financing the war.

Mr. GILLETTE. I think that is true.

Mr. McCLELLAN. Is not a large part of that expense included in the bill we are now considering?

Mr. GILLETTE. No.

Mr. McCLELLAN. Is no part of it included?

Mr. GILLETTE. The contributions we have been making are under the provisions of laws which have heretofore been enacted. This is an additional fund.

Mr. McCLELLAN. This is in addition?

Mr. GILLETTE. It is a fund in addition to what we have been contributing.

Mr. LONG. Mr. President, will the Senator yield?

Mr. GILLETTE. I yield to the Senator from Louisiana.

Mr. LONG. The Senator is familiar with the point that a great many authorities who have made some study of the situation in Indochina feel that if the French were to make a definite promise to the people of that area of independence at a certain date many of the problems with which the French are confronted there would be solved. The people would take heart in fighting for their own independence.

Mr. GILLETTE. I am quite confident that such action would contribute mightily toward that end. It is in line with the feeling which I mentioned a while ago, and which I find to be universal in former colonial areas, namely, that we are underwriting the remnants of imperialism, and that under the guise of supporting the free world and defending against communism we are making ourselves a party to it. We are urged to assume leadership. We are told, "You are leaders. Announce your leadership. Insist, from your position, that Great Britain, France, Holland, and other former colonial imperialistic powers follow your leadership. You can do it if you take a firm position in the chancelleries, instead of sitting back and waiting for someone else to take the initiative."

Mr. LONG. Mr. President, will the Senator further yield?

Mr. GILLETTE. I yield.

Mr. LONG. Did the Senator hear the statement made by the Senator from Massachusetts [Mr. KENNEDY] today? He has given some study to this question. His statement was to the effect that the French concessions in Indochina up to now have been made to the people of that area only when the French Government seemed to be under pressure or having great difficulty in the area.

Mr. GILLETTE. I heard that statement, and I was very much interested in it.

Mr. LONG. If this Nation undertakes the definite burden of carrying on the struggle in Indochina, inasmuch as those who have been doing most of the fighting are largely mercenaries and volunteers from other countries besides France, is it not apparent that it will be more difficult to get the French to make concessions to the people of that area which would make it possible to gain the wholehearted cooperation of those people?

Mr. GILLETTE. I think the Senator is correct.

Mr. LONG. Mr. President, will the Senator further yield?

Mr. GILLETTE. I yield.

Mr. LONG. I should like to ask the Senator one further question. Is not the experience this nation is having with France somewhat similar to the experience we are having in Europe? If the Germans were armed they would be a very formidable fighting power. There is only a very weak Communist movement in that area. West Germany could be relied upon to be one of the strongest anti-Communist areas of all Europe. Yet we find that the French do not wish to cooperate with us in any plan to help arm the Germans so as to make it more difficult for Russian aggression to succeed.

Mr. GILLETTE. I thank the Senator.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. GILLETTE. I yield.

Mr. COOPER. I have enjoyed the Senator's speech this afternoon. But, in connection with the particular point we are now discussing—that is, freedom in Indochina—it seems to me that no alternative is offered by those who oppose giving aid to Indochina. To the contrary, failure might confirm the very thing against which they protest. We agree that the French ought to assure the States of Cambodia, Laos, and Vietnam that at some definite date they will obtain full independence. But is it not true that if our aid is withheld until such obligation is given we may be preventing the very thing which we say we want to happen? The Communist guerrillas may then win those states, and the people about whom we are concerned will never have the opportunity to obtain their independence. That happened in China. A great protest was heard about our course of action in China—our failure to advance sufficient aid—the withholding of aid. Now, when we are faced with a similar eventuality in Indochina, does not the Senator believe that the withholding of aid may contribute to a Communist success which will forever, or at least for a long time, deny the people their opportunity for independence?

Mr. GILLETTE. Mr. President, I thank the Senator from Kentucky. I admit there is a possibility of eventualities of that kind taking place, but we are faced, in the opinion of the Senator from Iowa, with the problem of choosing between possibilities and certainties. Just as surely as there is a God in Heaven and as surely as the sun will rise in the East, by the course which we are pursuing in trying to defend ourselves against threats everywhere along the perimeter, and dissipating our forces, we are weakening ourselves, not only financially but spiritually and politically, and we are destroying the leadership which has been placed in us by the free world.

As I see it, that is a certainty. I know the risks and I know the difficulties. I can recognize that situation. However, I know the certainty, as I see it, of disaster if we proceed along the road along which we are proceeding.

Mr. COOPER. Mr. President, will the Senator yield for one more question?

Mr. GILLETTE. I yield.

Mr. COOPER. I should like to ask the distinguished Senator one more question. At a time when every effort is being made to secure a conclusion of the war in Korea, does the Senator from Iowa believe it would be helpful to our efforts for a truce, to withdraw our aid to Indochina, and thereby take that much pressure off the Chinese Communists?

Mr. GILLETTE. I cannot answer that question, because it would be conjectural to do so. I do not have the enthusiastic faith in the results of the truce negotiations under way in Korea that other people have.

Mr. LONG. Mr. President, will the Senator yield?

Mr. GILLETTE. I have promised to yield to the Senator from Virginia.

Mr. ROBERTSON. Mr. President, Patrick Henry said Caesar had his Brutus, Charles I his Cromwell, and George III did not profit by their example? In other words, if we put reverse English on that statement, is it not true that the French in Indochina could profit by our example in the Philippines?

Mr. GILLETTE. Yes; they certainly could profit by our example in the Philippines. The tenacity with which the former colonial powers cling to the pathetic and pitiful remnants of their former dominions is very disturbing to me.

Mr. GRISWOLD. Mr. President, will the Senator yield?

Mr. GILLETTE. I yield.

Mr. GRISWOLD. The Senator from Iowa has discussed his responsibility in voting for appropriation bills which define the areas in which the money appropriated is to be spent, and his feeling is that too much discretion should not be given to the President in spending the money appropriated.

I should like to ask the distinguished Senator from Iowa if he does not feel that it is necessary in many ways, when money is appropriated by Congress, to give great discretionary power to the President. For instance, the Senator from Iowa has had some experience as a soldier. No bill can be passed by Congress which says that X number of dollars are to be spent by Company I of the 4th Infantry, or X number of dollars shall be spent by a certain battalion of field artillery.

In other words, a commanding officer must have authority, in either a defensive or an offensive situation, to spend a certain amount of money for airplanes, gasoline, artillery, infantry, or for the training of infantrymen and artillerymen, and perhaps for developing a line of supply. That is certainly necessary in fighting a war, as the Senator from Iowa must realize.

The question I should like to ask is whether he does not feel if we are fighting a cold war, and if we are trying to get away from the so-called perimeter which he has described and to assume the offensive, that the commander in chief, the man who is responsible for making the basic decisions in foreign policy, should have the right, when a condition develops in Berlin, for exam-

ple, to be able to spend X number of dollars in Berlin; or, if the situation in China should change, it may be necessary for him to move into China and forget about Western Europe?

In other words, is it possible for Congress to earmark these funds and tell the person who is making the decisions exactly where the money should be spent?

Mr. GILLETTE. No; I cannot agree with the Senator. I agree that we can not follow the dollars down to one point or another. The power of the President, as the commander in chief of our Armed Forces, is a power which the Constitution places in him; but the control of the purse strings is a power which the Constitution places in the hands of Congress. I realize that we should not pass an appropriation bill for the Department of Agriculture, for example, in which we say to the Secretary of Agriculture, "You can put a stenographer there at \$2,500 a year, and you can put another stenographer here at \$3,500 a year. You can use so much of these funds for this purpose and so much money for that purpose."

By the same token neither do we, or should we, appropriate \$2 billion or whatever the sum may be, and say to the Secretary of Agriculture, "Here is \$2 billion; go ahead and use the money. We will leave it all elastic. Use it as you see fit."

We would be derelict in our duty if we attempted to appropriate in that way. That is what I am objecting to. It is not because of any lack of confidence in the Secretary of Agriculture or in any other Secretary, or even in the President of the United States. It is an abdication of the duty and responsibility which I as a Senator feel is mine under the Constitution. I believe there is a strong line, and a well-defined line, that can be drawn between going into details in the spending of every dollar and, I will say to the Senator, in giving a blank check to any executive department and saying to the department, "Here is the money."

What about the constitutional responsibility for periodic reports? The pending bill provides for turning \$400 million or \$300 million, as the case may be, as proposed by the chairman of the committee, the Senator from Wisconsin [Mr. WILEY], over to the President and saying to him, "Because conditions may change, you may use it as you see fit, and you are to report to the Foreign Relations Committee and the Foreign Affairs Committee of Congress on what you have done with the money."

What good does that do? The money will have been spent. We gave him the authority to spend it. He can tell us about it after the money has been spent, but that does not replace the money. It does not discharge our responsibility to the people with regard to the money we are appropriating. I may take money out of my pocket, and I would gladly do so—although there is not much money there—and give it to the President and say to him, "President Eisenhower, you can use my money." But I am not going to take the money belonging to my constituents in the State of Iowa and say that to the President. I would deny my

responsibility and I would abdicate my responsibility by turning over a blank check to the President, or to any other officer of the executive department, be he high, low, wide, tall, or short.

Mr. GRISWOLD. Mr. President, will the Senator yield further?

Mr. GILLETTE. I yield.

Mr. GRISWOLD. Does the Senator feel he can look ahead and determine where the main effort might need to be made 3 months from now or 6 months from now, whether it should be in Spain or in Turkey or in Greece or in Yugoslavia or in Pakistan or in India or in Indochina?

Does the Senator feel he can look ahead and decide in an appropriation bill where the money ought to be spent? Does he feel there is any great difference in principle involved in our deciding how many dollars are to be spent in Indochina or in Spain, and saying we should give some discretionary power to the Chief Executive, who is responsible for our foreign relations, and let him decide at the time of the emergency where the money should be spent?

Mr. GILLETTE. Following the line of the eminent Senator's reasoning, all we would have to do in a measure of this kind would be to appropriate a lump sum of money and say to the President, "Because of the uncertain conditions existing throughout the world, you go ahead and spend the money. There may be uncertain conditions in Yugoslavia, or there may be uncertain conditions in Formosa. Therefore we are turning over to you \$5 billion. Go ahead and spend the money."

Mr. GRISWOLD. If I were asked to do it, I would cut the amount by two-thirds and do that exactly. I believe the money would be spent better and more effectively in trying to get things done in Indochina, and it would help to get things done in dealing with the French, and in getting things done in other parts of the world, such as Spain or North Africa, for example. I think it will be a much more effective way of administering such a program.

Mr. GILLETTE. I thank the Senator from Nebraska.

Mr. President, I desire to conclude my remarks.

When we were holding hearings on this bill in the Foreign Relations Committee, representatives of the State Department were before us. I called attention to a provision of section 511 (a) of the original Mutual Aid Act of 1951, reading in part as follows:

No military, economic, or technical assistance authorized pursuant to this act * * * shall be supplied to any nation in order to further military effort unless the President finds that the supplying of such assistance will strengthen the security of the United States and the recipient country has agreed to—

(1) Join in promoting international understanding and good will, and maintaining world peace;

(2) Take such action as may be mutually agreed upon to eliminate causes of international tension;

(3) Fulfill the military obligations which it has assumed under unilateral or bilateral agreements.

That is sufficient to quote from that section to illustrate one of the provisions of the original Mutual Security Act.

I asked the representative of the State Department if there had been any procedure under that provision or if there had been any attempt to secure an agreement of that kind. The eminent Secretary of State said, "I assume it has been done."

I asked, "Do you know that it has been done? The law requires that, before the President can spend \$1 of this money, he must have such an understanding and such an agreement, namely, that the recipient country will participate in the international organization."

The Secretary of State replied, "I know nothing about it, but I assume it has been done."

The same answer came in reply to questions about several other provisions. I refer to that matter simply because it is further illustrative of the evil that is concomitant with the blank-check method of making funds available to the executive department without securing some assurance as to how the money will be spent.

Mr. President, I desire to include my presentation.

My decision to cast my vote this year against the mutual security bill is by way of protest against the whole course our foreign policy is now taking. I am by no means opposed to everything in this bill any more than I am opposed to every thread in the pattern of our foreign policy. I do not oppose assistance to foreign nations. I favor contributing our share of relief and rehabilitation funds for war-ravaged areas, such as Korea. I favor the expenditure of funds through the United Nations for the Arab refugees, and I favor aid to the State of Israel for helping settle her refugees. I was proud to manage the bill providing wheat for India when it passed the Senate 2 years ago, and I wholeheartedly approve the recent measure providing famine relief for Pakistan.

I have from the beginning favored economic aid to countries whose dollar shortages, due in large part to our own high tariff restrictions prevent them from buying our exportable surpluses of both farm and factory. I regard the point 4 program as one of the great acts of statesmanship by this country since World War II. I would gladly vote for this bill if the sections dealing with purely military assistance were eliminated. I would vote for the pending bill even if those provisions were drastically reduced in amount, with a greater proportion allocated to peaceful purposes of economic and technical development. But the entire emphasis in this bill is on purely military considerations. There is in this bill unmistakable proof of almost complete militarization of our entire foreign policy. I knew of no way, Mr. President, by which I could register a protest more effectively than I could in connection with the discussion of the pending measure.

While there is a danger point for our own economy, beyond which we cannot go in extending aid to foreign nations—I have already alluded to this danger in

my discussion today—the basis of my opposition to the policy expressed in this bill is not based alone on the amount of money involved. The purpose for which the money is to be spent and the goal of competitive, destructive armament of nations have influenced me to vote in opposition to the bill.

As I stated a few minutes ago, I have been a cosponsor of the proposals of both the late Senator McMahon, of Connecticut, and the able Senator from Vermont [Mr. FLANDERS] calling for ironclad universal disarmament and pledging a certain large sum to peaceful world economic development, in place of the immense funds now going into arms and munitions. This kind of program would also influence many Members to support the spending of money for humanity, instead of Armageddon.

I am further distressed at the extent to which we now handle almost all our foreign technical aid on a direct bilateral basis between our Government and the governments of other countries, rather than through the agencies created under the Charter of the United Nations. This is further evidence of the lipservice we pay to the United Nations, while in reality we are acting to a surprising degree outside the framework of the United Nations. Furthermore, Mr. President, lest anyone mistake the basis of my decision in this matter, and try to list me as an isolationist or count me with the go-it-alone school, I say now, with all the force at my command, that I do not believe the United States can live alone in this modern world. I do not believe the United States can or dare go it alone. I do not believe the United States is strong enough or rich enough to dispense with friends and allies. In the event of a military showdown with the Soviet bloc, I do not believe we could meet and defeat the force that could be thrown against us if we stood alone, without allies on our side. Even if it were militarily or strategically possible, I would consider it the height of folly to attempt it.

Furthermore, Mr. President, I am convinced the Soviet Union has the power, if she chooses to use it, to mobilize forces of sufficient strength to conquer several regions of the earth that are important and in some cases vital to our own Nation's security. Illustrative of these areas are Western Europe, Japan, or the Middle East. I have no private intelligence as to the intentions of the present leaders of the Soviet Union, but I believe there is sufficient evidence of their purpose and desire to dominate the rest of the world to oblige us to keep up our guard for as long as that type of regime controls the Eurasian land mass. I am not convinced, however, that the threat from Soviet Russia is primarily military, or that it can be met with primarily military means. The Soviet Union is conducting a worldwide political, psychological, economic, and subversive war against us and against the other nations which repudiate, as we do, all forms of totalitarian or authoritarian dictatorship.

Even if we assume that the Soviet Union intends to strike with military

force, instead of merely continuing to sap and undermine the fabric of free society, we would be insane to relax our defenses against the political, nonmilitary warfare of the Communists, and to concentrate exclusively on anticipating a military attack. The Soviet Union can defeat us without war if we prepare to defend ourselves only against war.

I acknowledge that none of the countries now receiving aid from the United States is capable, either alone or in combination with others, of defending itself against an all-out Soviet onslaught, should it come, unless the United States throws its weight into the scale. I do not favor a policy that would abandon friendly nations to conquest by the Communist powers. On the contrary, I oppose such a policy; but I deny that the only way to save them from this fate is by shipping them tanks and guns and ammunition for eventual war. Yet it is inescapable that that is the principal purpose of the measure now before us, in which nine-tenths of the funds authorized are for military purposes alone.

I am not opposed to American participation in alliances under the regional security provisions of the United Nations Charter. I certainly do not favor our withdrawal from the North Atlantic Treaty Organization or the Inter-American Treaty of Reciprocal Assistance—the Rio pact, or the security agreements we have signed with Australia, New Zealand, the Philippines, Japan, and other countries. But I deny, Mr. President, that the sole and unique function of these regional understandings is to serve as vehicles for the transfer of vast and unending quantities of war materials. Have we no basis for friendly alliance with like-minded peoples, other than shipments of cannon, machineguns, and combat aircraft?

I believe we have lost sight of our goal of peace, in our pursuit of the goal of world-wide military security. In the eyes of peoples throughout the world, this distortion of our original objectives has placed us in the same perspective as the Russians. In the view of millions of people in Europe, Asia, and elsewhere, both sides are conducting an armaments race toward ultimate atomic disaster. I propose that we return to our original course, and I propose that we devote a substantial portion of our energies, along with those of our allies, to seeking means to persuade the Soviet Union and her allies to agree to peaceful settlement. While the trend toward militarization of our foreign policy has grown even more pronounced under the new administration than it was under the previous one, this trend began some years before the present administration took office. I opposed that trend when it began. I oppose it even more vehemently today.

It is, of course, not certain that if we reoriented our policy away from the purely military emphasis it now has, the Soviet-China bloc would do the same. I fully realize this. But until we have at least tried such a reorientation, if only tentatively and temporarily, we cannot conscientiously claim to have sought every road to peace.

A large part of the money authorized in this bill will go to military support for our allies in NATO. Certainly I am not opposed to substantial military aid to our NATO allies, as Senators who have heard me speak on this floor well know. What I cannot understand is the absolute and unchanging refusal of our policymakers to take even a half step in the direction of developing the Atlantic community into a broader and deeper grouping of free peoples united by economic, social, cultural, and feasible political bonds, as well as by strategic necessity.

A military alliance has been and always will be cemented by fear; and it follows, as day follows night, that this cement crumbles as soon as the threat that generated the fear has lessened.

I believe the greatest failure of our Government with respect to NATO has been in not implementing to the slightest degree Article II of the North Atlantic Treaty. Yet there are Members of this body who voted for the treaty mainly because that article was included in it, and thereby gave promise of the development of nonmilitary relationships among the allies.

If there were any signs that we intended to promote or approve closer nonmilitary unity within NATO I would find much less reason to oppose the military sections of this bill, but there are no such signs. Instead, there is ample evidence that for the United States Government NATO has been, still is, and apparently will remain a strictly military coalition.

I should like to see the Department of State come forward with some concrete proposals for nonmilitary Atlantic cooperation. I should like to see a move to have the United States and Canada join with the European members of NATO in an Atlantic economic organization to develop trade and other economic cooperation on a basis similar to that already existing in Europe under the Organization of European Economic Cooperation, for example, but on the Atlantic level.

But what do I find, Mr. President? A bill designed to make 90 percent of our foreign aid take the form of military equipment and supplies. Instead of building unity among peoples we are devoted solely to building unity of military command.

With respect to the United Nations, I not only oppose our withdrawal from that organization—I urge our leadership in transforming it into the truly effective agency for international peace and security we all hoped it would be and we all know it can be.

I urge that we conduct a greater, not lesser, amount of our relations with other countries through the United Nations.

I urge that we make the United Nations really and not figuratively the keystone of our world policy.

I urge that the charter be amended or revised, and that we take the lead in insisting on such amendment or revision.

I urge a return to the crusade for peace through worldwide cooperation in the United Nations on which we embarked in the closing years of the late war, and I urge that we turn away from

the crusade of arms in which we are now engaged, and away from the course that leads straight and unerringly to a final global atomic catastrophe from which conceivably no single man, woman, or child would come out alive.

I stand for placing the emphasis and direction of our power and resources toward peace rather than toward war. The people of the United States support this emphasis and direction. The people of the world support this emphasis and direction. Let us in the name of all that is sacred to the human race direct the power that the Almighty has given the United States of America along the way toward peace and away from the predominant emphasis of preparation for war.

There, Mr. President, is where I take my stand, now as before, in the face of this bill or any other bill, and with respect to this program or any other program. I am persuaded beyond peradventure of a doubt, with very few exceptions, that the people of the United States and the people of the entire world are in strong support of these efforts.

In conclusion, Mr. President, I desire to say that I feel very strongly and very deeply about this matter. I have lived quite a few years, and in my long lifetime we have participated in three world wars. I frequently wear on my lapel a memento of the fact that I participated in World War I, when, as a captain of a company of from 480 to 500 men, a part of my duty was to read their mail, to censor the mail which they sent home, their letters to wife, sweetheart, or friend. It was common knowledge that many of the men were illiterate, most of them were ungrammatical, most of them could not spell, some were profane; yet in every letter there was the assertion to the loved ones, "We are fighting this war to end wars, so that the boys in the future will not be compelled to go through what we are going through." But we subsequently found ourselves in World War II. We now find ourselves proceeding along the path toward world war III. Mr. President, after reading those letters, while on my knees, I made a pledge so long as I had a voice with which to speak, I would keep faith with those men in giving what strength and effort I was able to bring to bear in taking the world toward cooperative efforts to establish peace.

Mr. President, about everything else, after the progress we have made over the years in the direction of peace, it hurts me cruelly to have the Congress now undertake to say, "We must stop, we can go no further; the threat to us is so great that we might just as well postpone for the time being world efforts for cooperation and for peace. Let us build a military alliance that gives evidence of force, for it is that on which we shall have to rely." I cannot see it, Mr. President. I cannot support it. I cannot be true to myself, true to those I represent, and true to my oath as a United States Senator, and at the same time support a measure of this kind, a measure which apparently has no objective within its provisions, except to effect a military alliance to meet another Armageddon.

Mr. LANGER obtained the floor.

Mr. MANSFIELD. Mr. President, there seem to have been two lists. According to one list, I was supposed to be recognized next. I have about a 15-minute speech.

Mr. LANGER. Mr. President, I promised that if I yielded to anyone it would be to the Senator from Nevada [Mr. MALONE], for 10 minutes. I would have no objection to yielding to the Senator from Montana after I first yield to the Senator from Nevada.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. LANGER. I yield first to the Senator from Nevada.

The PRESIDING OFFICER. Does the Senator from North Dakota care to specify how much time he yields to the Senator from Nevada?

Mr. LANGER. I yield 10 minutes to the Senator from Nevada.

The PRESIDING OFFICER. Does the Senator from North Dakota wish to make a unanimous-consent request?

Mr. LANGER. I ask unanimous consent that I may yield to the Senator from Nevada for 10 minutes, without yielding the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MALONE. Mr. President, since the end of the Second World War this country has given away more than \$40 billion in various forms of so-called economic and military aid and disguised loans to foreign countries. Since the end of hostilities we have had the lend-lease extension, the surplus property disposals, the United Nations Relief and Rehabilitation Administration, International Bank, and International Monetary Fund, the British Loan, the Export-Import Bank loans to France and other European countries, the Marshall plan, and now the so-called Mutual Security Act and the much publicized point 4. In addition, we have contributed smaller, but nevertheless substantial, sums of money to various United Nations relief projects, student exchanges, and similar activities.

It is important to note that each new multi-billion-dollar foreign-aid program has been submitted to this body and to the American public as a temporary program to put our worthy hardpressed friends overseas on a sound economic basis. Each time we were told that the program under consideration would not only restore the economy of our friends overseas, but would also enable them to eliminate the numerous insurmountable barriers which in order to protect their domestic producers, they have raised against American exports. Each new program has been presented to us as the panacea which would cure all the world's economic problems, and at the same time enable the so-called free nations of the world to defend themselves against Communist imperialists.

Mr. President, at this time, after some 8 years and \$40 billion worth of foreign aid, I believe it is pertinent to review some of these past presentations, and some of the promises which were made to the American people of the miracles

that would be wrought if they would only contribute just a few billion dollars more.

Most of us will recall that when the Secretary of State and other administration leaders have appeared before the committees of the Senate and the House to advocate the British loan, and the Export-Import Bank loans to France and other European countries, these gentlemen gave full assurance that if the loans were granted, the amounts would be adequate to restore those countries economically and enable them to proceed without additional outside assistance. Mr. President, I am now informed by an excellent authority that at the time those assurances were being made to the Senate Foreign Relations Committee, the economic experts in the Departments of State, Commerce, and Treasury, were already quietly drafting a \$25 billion aid program which a few years later was submitted to Congress as the Marshall plan, finally trimmed to \$17 billion.

I am also assured, Mr. President, that at the time Secretary of State Marshall and other officers of the Truman Cabinet were promising the committees of Congress that the Marshall plan would terminate in 4 years, by which time the recipient countries would be fully restored by our economic help, the same experts in State, Commerce, and Treasury, were again quietly at work on another new huge foreign-aid program which they intended to submit when the Marshall plan terminated. This program has been submitted, Mr. President. It is the program which we have before us today, the so-called mutual security program.

And, Mr. President, we are again hearing assurances from advocates of this bill that if we will contribute a few billion dollars more, by 1956 or 1957 these countries will finally be restored to economic sufficiency; that they will be strong enough militarily and economically to defend themselves; and that at long last, these burdens can be lifted from the shoulders of the American taxpayer.

SINCERITY OF PROMISES QUESTIONED

Mr. President, in the light of what has transpired, I am forced to challenge the sincerity of those promises. It is my firm conviction that a very substantial number of those who are advocating this aid program privately believe that foreign aid on a multibillion dollar scale will be continued by this country indefinitely.

I believe the time has come for these people to state honestly their real purpose, and to justify it to this body and to the American public.

We are told by the Mutual Security Administration in one breath that the Marshall plan has worked so well that production in Western Europe is far in excess of prewar levels. We are told by the Mutual Security Administration, in the next breath that we must authorize an additional \$5¼ billion in military and economic assistance, or their economies and their defense efforts will collapse. This, despite the fact that the administration already has at its disposal approximately \$10 billion in MSA carryover funds.

WAR PRODUCTION OVERSHADOWED

I should like to point out that the sum requested is as large as the sum that the Truman administration made available to those countries in the years immediately after the war, when production for the war overshadowed the economies of Western Europe and was only a fraction of their production today.

The question before the Senate today is not one of authorizing the administration to give \$5¼ billion to Western Europe and various other so-called free nations. The question is whether we shall increase the gifts from the \$10 billion already available to a total of \$15 billion—an amount which is equivalent to more than 20 percent of our entire anticipated revenues during the next fiscal year.

AMERICAN TAXPAYERS UNDERWRITE BRITISH POUNDS

Nor is this all. I am advised, Mr. President, that the administration now has under active consideration a proposal advanced by the British to liberalize the lending policies of the International Monetary Fund.

The Senate will recall that this Government has subscribed \$2.7 billion in gold and dollars to the International Monetary Fund. The present practices of the Monetary Fund are to make these dollars subscribed by the United States available to countries suffering temporarily balance of payments problems.

The loans are made for periods up to 3, and some cases 5 years, at interest rates up to 3½ percent. Under the proposal which the administration is considering the Monetary Fund would make long-term loans at much lower interest rates, with little or no regard as to the country's ability to repay.

One of the proposals advanced by the British is to use the dollars in the Monetary Fund to underwrite the convertibility of sterling at the artificial exchange rate fixed by the British Government.

BRITAIN'S INDEBTEDNESS TO AMERICAN TAXPAYER

This is a complicated maneuver which I will not attempt to spell out in detail at this time. Briefly, it would have the effect of transferring about \$2 billion of Britain's sterling indebtedness to the American taxpayers via the International Monetary Fund.

At this point, Mr. President, I should like respectfully to ask the distinguished Senator from Wisconsin whether or not the Foreign Relations Committee considered the proposal of liberalizing the policies of the Monetary Fund, in the course of its deliberations on this bill.

I ask the Senator from Wisconsin if he cares to comment on whether the liberalization of the monetary policies was discussed in connection with this bill?

Mr. WILEY. I have no recollection of any such discussions. I am submitting the matter to Mr. Wilcox to see if he has any recollection of it.

Mr. MALONE. Can the chairman of the Foreign Relations Committee advise us whether the \$2 billion of the United States subscription to the fund, which

has not been committed, is to be utilized as a sort of a disguised foreign-aid program?

Mr. WILEY. I have no information on that subject.

Mr. MALONE. I thank the Senator from Wisconsin.

BRITISH PLEDGED RESULTS TO AMERICAN TAXPAYERS

Mr. President, I should like to address to the distinguished chairman of the Foreign Relations Committee a few more questions which I feel are very pertinent at this time. When the Marshall plan was first put into effect, the recipient countries entered into solemn covenants with the United States Government in which they pledged specific undertakings in their own behalf, to put their economies on a firmer basis.

I have before me a copy of the agreement signed by the United Kingdom on July 6, 1948, entitled "Economic Cooperation With the United Kingdom." Identical agreements were signed with all of the other countries participating in the Marshall program. I should like to refer to article 2, section 3.

PLEDGED TO BREAK UP CARTELS

Stripped of its legal verbiage, this section provides a solemn pledge on the part of the recipient government to prevent "on the part of private or public commercial enterprises, business practices which restrain competition, limit access to markets, or foster monopolistic control." In other words, the governments participating in the Marshall plan promised us 5 years ago that they would take steps to break up the European cartel system.

The PRESIDING OFFICER (Mr. PAYNE in the chair). Under the unanimous-consent agreement, the time of the Senator from Nevada has expired.

Mr. MALONE. I ask sufficient time to finish my statement.

Mr. LANGER. Mr. President, I ask unanimous consent that the Senator from Nevada may have additional time within which to complete his statement.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from Nevada may proceed.

Mr. MALONE. Mr. President, I should like to ask the Senator from Wisconsin whether or not those governments have fulfilled the pledges which they made in a solemn covenants with the Government of the United States.

Mr. WILEY. I might return the question and ask the Senator from Nevada. Some progress has been made, but I am not further advised.

Mr. MALONE. Mr. President, the facts of the situation are that today the cartels are almost as strong in Europe as they were before the war.

None of the governments has made any effort to carry out its pledge. The United Kingdom did undertake a mild version of the antitrust law, but has made no effort to enforce it. Thus far they have investigated only one industry, and have not yet made a report.

PROMISED TO STABILIZE CURRENCY

Mr. President, I should like to read section 1c or article 2 in which the government receiving Marshall plan aid

agrees "to stabilize its currency, establish or maintain a valid rate of exchange, balance its governmental budget, create or maintain internal financial stability, and generally restore or maintain confidence in its monetary system."

Mr. President, I should like to ask the distinguished Senator from Wisconsin whether he believes the French Government has fulfilled its pledge to balance its governmental budget, to create internal financial stability, and to restore confidence in its monetary system. If the Senator from Wisconsin recalls the record, I should like to have him answer that question.

Mr. WILEY. I do not believe all those pledges have been fulfilled. I think the question itself requires something more than a categorical answer. If the Senator would permit, I should be very happy to say what I think.

Mr. MALONE. With the permission of the distinguished Senator from North Dakota [Mr. LANGER] I should be happy to have the Senator from Wisconsin reply.

Mr. LANGER. Mr. President, I ask unanimous consent that the Senator from Wisconsin may be permitted to answer the question propounded by the Senator from Nevada.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WILEY. I can answer the question quite well by giving an illustration of what occurred in Flint, Mich., about 2 years ago, when I spoke there on the foreign situation. At the conclusion of my address, I submitted myself to questioning. In substance, one of the questions asked was similar to the one propounded by the Senator from Nevada.

I was asked, "Senator, do you think the foreign nations have done the job they should have done? Have they fulfilled what we expected of them?"

I said, "If Flint, 6 years ago, had had its economy destroyed; had had 2 out of 5 of its citizens liquidated or injured; had had its transportation system absolutely destroyed; had had its manufacturing plants destroyed; and if the surrounding area, likewise, was in a similar condition of chaos, what would have been the shape of Flint 6 years later?"

The man replied, "I had not thought of that."

I asked another question: "What would be Flint's spirit, to say nothing of its economic condition?"

Then I said, "The figures show that the overall economy of Europe compared with its prewar economy has risen to about 135 percent. The records also show that morale perhaps is not what it should be. But I ask, What would have been the condition of Flint's morale 6 years later, if the physical occurrences I have recounted had taken place?"

The reply was, "Senator, I had not looked at the situation in that way. I think you have made a point."

In answer to the question of the Senator from Nevada, let me say we know quite well, and I believe it is pretty well documented, that if the Kremlin had not, as it were, challenged the very liberty of Europe, so that it became necessary to establish a military program, whereby

the European countries diverted much of their industrial life into the production of military goods, Europe would have been in the position, substantially, of having met head on the promises that were made. But the threat of war and the conditions that resulted when Europe had to utilize its industrial machinery and manpower for defense production made a different impact.

So the answer to the Senator's question is that the foreign countries have not fulfilled what they then thought they could fulfill. To a large extent, that is true of Great Britain. Some of the smaller countries have done a grand job. The Scandinavian countries and the countries of the Lowlands have come back in a wonderful manner. The morale of their people has been excellent. The result has been that we have seen a breaking down in countries like Czechoslovakia, which was taken over by the Kremlin, and we have seen the revolt of the people of East Germany against enslavement.

We simply cannot charge off all those items and say that the investment we have made has gone for nothing. In my humble opinion, our investment has saved us from a third world war. Furthermore, it has brought about, to a large extent, a deterioration in Russia, which is now evidenced on all sides.

Mr. MALONE. While the distinguished Senator from Wisconsin is on his feet, I ask him if his statement would likewise apply to the Italian Government.

Mr. WILEY. I think my analysis would apply to the Italian Government.

Mr. MALONE. There are now more Communists in the Italian Government than there were when we applied the Marshall plan to Italy.

Mr. WILEY. Of course, the Senator is using the term "Communists" in the sense of those who have voted Communist.

Mr. MALONE. That is a pretty good indication.

Mr. WILEY. I did not understand the Senator.

Mr. MALONE. I said that is a fair indication.

Mr. WILEY. I shall have to disagree with the Senator, because of a conversation I had with the Premier of Italy himself. I said to him, "In view of the fact that northern Italy has a large group of citizens who vote Communist, I ask, in your opinion, in case of a break or in case of war, would they be Italians, or would they be servants of the Kremlin?"

The Premier responded, "The leaders would be servants of the Kremlin; the others would be Italians."

In other words, it would be an economic vote today.

Mr. MALONE. Then I shall ask the distinguished Senator from Wisconsin this question: After 5 years, during which promises were made each year, and at least one contract was signed with the United States, how sincere does he believe those countries are in their promises at this time that the present program will finish the job? Exactly what is the Senator's thought about that? Will what has been happening be a constant recurrence from now on?

Mr. WILEY. First, I never said that this would finish the job. I do not know, and I am certain the Senator from Nevada does not know, what the future has in store for our beloved country. I know that we are safe at present. I know we do have allies. At times they may be wobbly. They may feel that they can live with the Kremlin. They may feel an economic impact which is considerable and detrimental in many respects, because they have not been able to trade as they wanted to.

If the Senator from Nevada has any alternative, if he has any remedy for the world situation other than that which appeals to the judgment of our President and the judgment of the best minds I know of in America, I am certain that the Committee on Foreign Relations will be glad at any time to listen to the Senator.

Mr. MALONE. I have a remedy. First, I would preserve our own economic integrity which is in very great danger at the moment. Second, I would establish foreign policies that would be predicated upon the safety and security of our own people.

Mr. WILEY. Those are generalities. We all agree that the first law of human nature is self-preservation. There is no question that the President of the United States, who is the Commander in Chief, believes that what he has recommended is in the interest of the Government and for the preservation of the Government. The fact that up to date we have deterred the Kremlin, although after the Second World War it had the striking power to take over Europe, indicates our awareness of the need for self-preservation.

Mr. MALONE. Immediately after the close of the Second World War no one could have taken anything away from us. But as a result of the policies which have been adopted, there may be very grave danger that we cannot protect anything in the Far East, and more especially in Europe. No one seriously believes that the so-called Army we have in Europe can protect itself or Europe. It would last about 3 or 4 days.

On the other hand, many persons believe that because of the way the countries of Western Europe are operating, including their action in negotiating more than 100 trade treaties with Russia and Iron Curtain countries since the close of the war, we may yet have to fight world war III.

Then there is the mutual security pact which England has with the Kremlin, entirely independent of any other nation, with Russia pledging mutual security, which has 10 years yet to run. Likewise the French mutual security pact with Russia which has about the same length of time to run. Many persons believe that there will be complete recognition of Communist China by England and France, and the acceptance by the United Nations of Communist China. Many believe that we have very poor allies, and that we are proceeding in a very ineffective way.

Mr. WILEY. I have no doubt that many believe that. I would not dispute with the Senator. I said that after the

Second World War, when we stepped out of Europe, Russia had 20,000 vehicles. She could have rushed over Europe.

Mr. MALONE. She can still do so.

Mr. WILEY. The Senator is speaking about the army. However, we should not forget that we have air bases in Africa, France, and in some of the islands of the Mediterranean. We have them also in Turkey and in Greece, and elsewhere. Remember what Churchill said. It was our bomb that kept the Kremlin from taking over Europe.

Mr. MALONE. Then the "tourist" army we have in Europe does not have very much of a deterrent effect.

Mr. WILEY. It certainly does. I am no military man, but I have heard military men tell what could be done. I have heard them tell about it recently. I do not pose as a military man. Neither do I pose as the Commander in Chief. However, when the Commander in Chief lays down a program for me as a legislator, and says, "This is what we think should be done for the ensuing year," I feel that I should give considerable weight to it. In the Foreign Relations Committee I have listened to witnesses, including military men, businessmen, and others. I have listened, as it were, as a juror. I have reached the conclusion that while this plan is no cure-all, it is a step in the right direction. I am asking the Senator, if he has a cure-all, if he has a plan that will do the job better, to let us have it.

Mr. MALONE. I think the businessmen whom the Mutual Security Administration sent to Europe and who came back with a report are about right in their report, to the effect that we should not continue giving money under the conditions heretofore existing. I believe that some of the businessmen, to whom no attention has been paid, had some of the answers.

Mr. WILEY. I must disagree with the Senator's interpretation in relation to economic aid. Personally I would disagree with some of the business men to whom the Senator refers. I believe that if we could get economic aid down into the small businesses of Italy and France, we could accomplish a great deal. The other night in New York I was talking with a man who said, "That is where we could create the morale which is lacking in those countries." Heretofore aid has gone to build up the large concerns. That was all right for the time being. However, if further economic aid were to be proposed it should be handled under a sort of RFC organization, which would get it down into the small factories and villages where it would create a sentiment in favor of Uncle Sam. However, there is very little economic aid in this program.

Mr. MALONE. I will say to the distinguished Senator from Wisconsin that this is a program of military aid and economic aid. The military aid is going to nations which have no armies. The armies we were supposed to get in Europe from France and England did not materialize. The organization is dead at the moment, and everyone will know it within 12 months. So instead of getting an army, instead of getting coopera-

tion, we have a record of nations of Western Europe trading with the enemy, and of recognizing Communist China. Our supposed allies are now almost surrounding us and urging us to recognize Communist China. Probably they have a plan which will be effective enough to bring Communist China into the United Nations over our perfunctory objection. Then we shall be outvoted in the United Nations.

I thank the Senator from North Dakota for yielding to me.

MESSAGE FROM THE HOUSE— ENROLLED BILLS SIGNED

A message from the House of Representatives by Mr. Bartlett, one of its clerks, announced that the Speaker had affixed his signature to the enrolled bill (S. 35) to amend the Federal Airport Act in order to provide for an extension for a limited period of the program for the repair and rehabilitation of public airports damaged by Federal agencies, and for other purposes, and it was signed by the Vice President.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, June 30, 1953, he presented to the President of the United States the following enrolled bills:

S. 35. An act to amend the Federal Airport Act in order to provide for an extension for a limited period of the program for the repair and rehabilitation of public airports damaged by Federal agencies, and for other purposes;

S. 1376. An act to amend section 503 of the act entitled "An act to expedite the provisions of housing in connection with national defense, and for other purposes," approved October 14, 1940, as amended;

S. 1550. An act to authorize the President to prescribe the occasions upon which the uniform of any of the Armed Forces may be worn by persons honorably discharged therefrom; and

S. 1993. An act to amend the National Housing Act, as amended, and the Servicemen's Readjustment Act of 1944, as amended, with respect to maximum interest rates, the veterans' direct home-loan program, and for other purposes.

MUTUAL SECURITY ACT OF 1951, AS AMENDED

The Senate resumed the consideration of the bill (S. 2128) to amend the Mutual Security Act of 1951, as amended, and for other purposes.

Mr. MANSFIELD. Mr. President—

Mr. LANGER. I yield to the Senator from Montana.

Mr. MANSFIELD. Mr. President, I am offering an amendment on page 14, line 18, to strike out "1956" and insert "1954."

The PRESIDING OFFICER. The Chair will have to advise the Senator from Montana that the amendment is not in order. The Senator from Wisconsin [Mr. WILEY] has an amendment pending. Until that is disposed of, the amendment proposed by the Senator from Montana will not be in order.

Mr. MANSFIELD. I wish to serve notice that I shall offer an amendment

on page 14, line 18, to strike out "1956" and insert in lieu thereof "1954."

The purpose of that amendment is to bring to an end the Mutual Security Agency as an independent aid agency on June 30, 1954, as stipulated under the law creating that agency.

I hope the Senate will understand that what I am doing is nonpartisan. There is no pride of authorship in the amendment. In 1952, when the original bill was considered in the House of Representatives, the date for the expiration of the agency was set at June 30, 1954.

Mr. President, I realize full well that this country has spent billions of dollars in aid during the postwar period. I realize also that this money has brought about the economic survival of the West. It has given us and our friends time to fight back against aggressive communism in Western Europe, and also in Greece and Turkey.

I am aware, too, that in these 7 years of aid programs we have, in effect, contributed vitally to the security of the free world. The aid programs have not provided a solution to the all-absorbing problem of peace, but they have kept our friends from sinking into utter economic distress. By so doing we have kept them from moving very deeply into the orbit of the Soviet empire.

The salvation of the West is worth fighting for. On that basis we can safely assume that the money we have spent in bringing about the economic rehabilitation and military strengthening of Western Europe has been worth the cost. We and our friends have bought time. We have helped to save Western Europe, and we have prevented the collapse of western civilization. I think the program has been worth while. I believe it should be continued, but its continuation should be on a modified scale, and should be incorporated entirely within the State Department, which should be the chief foreign policymaking and foreign policy-operating branch of the Government of the United States.

Our foreign policy since 1945 has involved assistance to other nations on a scale greater than ever before in peacetime. This aid has thus far not been a waste but a sound investment in the security and well-being of the American people. It has brought results which, under the circumstances, could not have been produced by any other means.

Our foreign-aid program has prevented mass starvation and chaos in many parts of the world. It was the salvation of Greece and Turkey from Communist envelopment. It was a key factor in the dramatic economic recovery of Western Europe and in the revival of European hope and confidence in democracy. It has served to intensify defense efforts throughout the free world.

The foreign-aid programs of the United States have meant a great deal to other countries. They have also meant much to us. At a time when many free nations were reduced to a state of helplessness, these programs stood as an almost solitary bulwark against the flood of aggressive communism. In so doing they preserved a great

area of the world for freedom. They also contributed to the security of the United States and reduced the possibilities that we should expend resources many times greater than the cost of foreign aid in a third world war.

I have consistently favored the use of a prudent part of our resources for these purposes. In recent months, however, it has become increasingly apparent that foreign aid has reached the point of diminishing returns. Last year for the first time Europe's overall industrial production did not rise above the previous years. More and more we see signs that our aid is creating resentment rather than friendship and division rather than unity. For the sake of our foreign policy objectives, then, as well as for reasons of economy, we should begin to wind up foreign aid as quickly as possible.

Section 605 (c) and section 530 (a) of this bill is a step in the wrong direction in that it extends the mutual-security program until 1956. Section 530 (a) (2) states further that:

Funds appropriated under the authority of this act shall, if obligated before such date, remain available for expenditure for 3 years following such date, and shall be available during such period for obligation.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. MAYBANK. I should like to ask the distinguished Senator from Montana a question. How much have we unobligated now?

Mr. MANSFIELD. I think the amount is very small. If I remember correctly, it is somewhere in the neighborhood of \$300 million.

Mr. MAYBANK. How about that which is obligated but which has not been spent?

Mr. MANSFIELD. It is a considerably larger sum, but I do not have the figure at my disposal.

Mr. MAYBANK. In my judgment it is \$11 billion.

Mr. MANSFIELD. I understand that is the correct figure.

Mr. MAYBANK. I thank the Senator. I ask him these questions because as a member of the Appropriations Committee, I did not vote for appropriations for Mutual Security during the past few years. Nor will I vote for such appropriations this year. The Senator knows well, as he has stated, that foreign countries do not want all this aid. The President himself said that they want trade, not aid.

Mr. MANSFIELD. I thank the Senator.

The original Mutual Security Act of 1951 named June 30, 1954, as the termination date. The present administration, however, requested that the authority for the program be extended until June 30, 1958. As it comes to the floor this 2-year extension until 1956 is a seemingly harmless compromise. In effect, however, it may jeopardize the achievements which have already been made and prolong at the expense of the American people a program which should be allowed to die.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. MAYBANK. I was assured by the then Mutual Security Administrator, Mr. Hoffman, that the program was to die last year. He made that statement to the Committee on Appropriations. I am merely stating what he told the committee in answer to questions by the former chairman of the committee, the Senator from Tennessee, Mr. McKellar, and other Senators. Mr. Hoffman said that the program was not to be carried on beyond this year.

Mr. MANSFIELD. That was the date set in the enactment of the Mutual Aid Act.

Mr. MAYBANK. It was set in the law. That is what he said at the time he testified before the Committee on Appropriations, and he was the representative of the Government at that time. He stated that he saw no reason for its being carried on.

I am very much in sympathy with what the distinguished Senator from Montana is saying, and I appreciate what he is saying. I merely wish to remind him of a few things that happened around here before we had the pleasure of having him here as a Senator. We have \$11 billion on hand which have not been spent; is that correct?

Mr. MANSFIELD. That is correct.

Mr. MAYBANK. That was in March. Now we are asked to appropriate \$5 billion more. The administration wants to save money and lower taxes, and they do not want the excess-profits tax to be taken off at this time. Oh, no. They do not want that to be done. Instead, the American taxpayer must be taxed further. Nevertheless, in March we had \$11 that had not been spent.

Mr. MANSFIELD. Mr. President, I believe that by announcing an extension of the Mutual Security Program for a substantial period as is done in section 605 (c) and 530 (a), we will build up a state of mind, both here and abroad, which will prevent foreign aid from being discontinued when it could and should be. Needless to say, this would be unfair to the American people who pay for these programs. It would also be a confession that the United States and our allies are failing in the fundamental task of finding normal, permanent means of maintaining economic and military strength throughout the free world.

For several years a stated objective of our aid has been to further encourage the economic unification and the political federation of Europe. Substantial progress toward European unification has been made. Nevertheless, the hesitation of the members of the European Defense Community to ratify the treaty establishing a European army indicates that the nations of Europe have not yet become convinced that European unification is necessary to the security and economic health of that continent. Announcing an extension of the Mutual Security Program will not provide additional impetus to unification or self-reliance. Instead, it will allow the Europeans and other nations to relax their own efforts with confidence that the United States can be counted on to prevent any unfortunate consequences.

Moreover, this 1956 date will create a pressure on us to continue that aid no matter what the rapidly moving events of the world may bring. We would, in effect, morally commit ourselves not to consider a complete stoppage of aid until 1959, the liquidation date. Commencing in 1954 that is, the expiration year provided in the present law, a thorough examination of the necessity for foreign aid should be conducted every year. We should not be hampered by the continuing commitment which this date implies.

Mr. President, it is a mistake to ignore the fact that one-way assistance over too long a period tends to separate rather than bring together the giver and the receiver. Despite outward expressions of gratitude from the recipients and professions of magnanimity from us, there is bound to be an underlying note of resentment—on our part for having to give away our resources seemingly without end and on theirs for having no alternative to continued dependence on us except to turn eastward to trade and tyranny.

Throughout Europe last fall I could sense a healthy and encouraging impatience with continued dependence on assistance from the United States. We should take advantage of this attitude to replace costly aid with a program which will benefit, not drain, our own economy. We must solve together with the Europeans this question of imbalance of trade, if for no other reason than the security of the free world requires unity more than anything else, and continued one-way assistance tends to divide rather than to unify.

As long as the Mutual Security Program continues, we will not come to grips with the real problem, which is to find a solution that is mutual in reality, not just in name. We should devote as much time and effort to developing such a solution as we devoted to working out the Marshall plan. It is self-defeating to perpetuate a temporary remedy because it seems easier than finding a permanent cure. It is an inexcusable charge upon the American people to give away their resources one day longer than the security and interests of the United States require.

Yet, the extension of a one-sided mutual security program for an indefinite period seems to be the intent of the present administration. Not only does section 530 (a) of this bill suggest that this is so, but the executive branch is being reorganized along lines which imply an indefinite continuation of foreign aid. Reorganization Plan No. 7 would vest responsibility for the administration of all nonmilitary foreign aid and the coordination of all aid programs in an independent Foreign Operations Administration. I have no objection to consolidation and coordination of these programs. But why an independent agency? A new and separate agency would hardly be necessary if the administration contemplated bringing an end to most aid programs in the near future. Military assistance, which accounts for the bulk of our funds, is administered by the Defense Department, and technical assistance is a comparatively small

operation. Therefore, the only logical conclusion is that the principal task of this proposed new agency, the Foreign Operations Administration, will be to administer out-and-out economic aid. Would the replacement of the Mutual Security Agency by an agency with a new name be necessary if we planned to cut economic aid drastically next year? Certainly any minor residual activity in this field could be transferred to the Department of State.

I do not mean to suggest that the President's Reorganization Plan No. 7 is completely lacking in useful features. There is no doubt that some kind of reorganization of the administration of the foreign aid programs is necessary even for the next year. There are at present conflicting lines of authority and duplication and overlapping of effort. There are superfluous ambassadors and ministers in many capitals. For instance, in Paris last year there were 3 Americans with the rank of ambassador and 3 with the rank of minister; in the NATO countries there were 19 MSA officials with the rank of either ambassador or minister.

The Office of the Special Representative in Europe, as I pointed out in a report last year, has grown so large and unwieldy that European statesmen are left with a sense of bafflement and frustration in their attempts to determine with whom they can deal on matters affecting their relations with the United States.

The consolidation called for by Reorganization Plan No. 7 could put an end to this situation and could reduce somewhat the multitudes of Americans working for the Government abroad. Excessive United States Government personnel abroad has been noted by almost every American going to Europe to study our aid programs. Some of these employees have too few productive tasks and are occupied with make-work functions. I believe that in addition to cost, excess American personnel abroad constitute a major irritant because of the seeming luxury and ease of their lives, as compared with that of the average Europeans.

Although the Reorganization Plan corrects some of those obvious flaws, the situation would be further improved if the Foreign Operations Administration was placed in the Department of State, rather than established on an independent basis. I recommended last year that "all agencies engaged in foreign aid programs should be abolished as quickly as possible and their duties centralized under the State Department."

A similar recommendation was made by a group of 54 outstanding business men appointed by Mr. Stassen to study the effectiveness of the mutual security program. These 54 business leaders stated in their extremely perceptive report:

Regardless of the original necessity of establishing separate organizations, we believe that activities having to do with our foreign relationships are a responsibility of the Department of State and should now be operated by it.

* * * * *

If the Department of State has not in the past been equipped with either the proper personnel or the recognized capacity to carry on these functions, we believe that the time has come now for it to assume its proper responsibilities. Basic political decisions require a knowledge of economics, finance, and military, together with organizational correlation adequate to carry them out effectively. These functions should be as closely coordinated as possible.

Mr. President, there is no way to achieve a unified and integrated foreign policy unless the responsibility for administering vital nonmilitary operations in other countries is placed in the State Department. Location of these programs within the Department would have the additional advantage of eliminating the costly administrative superstructure of an independent agency. Finally, it would keep foreign assistance in its proper perspective. Individual programs could easily be terminated at the proper time without serious administrative dislocation. Economic aid would not tend to be perpetuated by an agency seeking to prolong its own independent powers and existence.

The European recovery program was assigned to an independent agency largely because it was developed during the 80th Congress when the administration and the Congress were under the control of different parties. That situation has changed; and, as we well know, the Republican Party now controls both the executive and legislative branches of the Government.

President Eisenhower has said that the "historic responsibility" of the Department of State rested in "the development and control of foreign policy and all relations with foreign governments." How can the Department possibly fulfill this responsibility adequately when foreign operations are administered by other agencies?

Why does not the Secretary of State accept this responsibility and proceed on the basis of it? Why does the Secretary of State wish to shirk responsibilities which properly belong in his Department?

The Secretary of State should have policymaking and operation control of all foreign relations. He should stop dreaming of a pure policymaking organization untouched by the mechanics of operation. How is this country to speak with one voice and to act with a single purpose unless the Department of State has full control over all nonmilitary governmental operations in foreign countries?

The President's Reorganization Plan No. 7, without modification which will tie the foreign operations agency into the Department of State, and section 530 (a) of this bill to continue the authority for the mutual security program for 2 more years, have this in common: Both seem to be predicated on the idea of never-ending foreign aid on a large scale. When 1956 arrives, we shall probably be asked for another extension. The new agency will perpetuate foreign aid, and foreign aid will prolong the life of the new agency. I believe that unless we act now to eliminate the date 1956 from consideration or effect in connection with

this program, there will be very little chance that we shall witness the end of foreign aid in the foreseeable future.

It may be argued that this extension to 1956 does not bind us to any future commitment. One fact is that if it remains in the law, assistance will be expected in Europe for 2 additional years. Once this expectation has been built up, we shall be in an unsatisfactory and immoral position if we discontinue or even threaten to discontinue the assistance. If we do extend it after we have built up this expectation, we shall add to the resentment which already is growing. Finally, this stretching out for 2 years of the aid program will hinder us and our allies from getting down immediately to the urgent task of finding methods of building up free-world strength on the basis of genuine mutual benefit and effort, rather than with reluctant magnanimity on one side and smoldering resentment on the other.

[Mr. LANGER resumed and concluded the speech begun by him yesterday, which in its entirety is as follows:]

Monday, June 29, 1953

Mr. LANGER. Mr. President, I sincerely regret that I must differ entirely with the remarks of the distinguished Senator from Wisconsin [Mr. WILEY] and the distinguished Senator from New Jersey [Mr. SMITH] with reference to mutual aid.

I am only a small-town lawyer and farmer from North Dakota. It may be that I am not equipped by intellect or training to weigh such mysterious and extraordinary matters, but when I look upon the present policy of the United States, and especially that part which passes under the name of "mutual aid," I am tempted to consider that we have been sold a bill of goods.

It seems to me a mockery of common sense when 2 and 2 are alleged to add to anything other than 4. This may be a piece of oversimplification, but it is a standard rule of thumb by which we all can go. A policy which rests on other and more mysterious considerations may be suspected to be more occult than factual, and to consist at best of a pretentious tilting at windmills. At worst, it is a fraud upon the credulity of the American people to the degree that they have been hoodwinked by it. It is my considered judgment that the policy of so-called mutual aid constitutes just such a fraud.

It seems to me, further, that there are currents here which run deeper than men perceive, and that when these terrible times are reduced to the dry dust of history, there will appear to be very little real difference between the world strategies espoused by former Secretary of States Acheson and those followed by his present successor, Mr. Dulles.

Now that the sound and the fury of campaign declarations have abated, it becomes increasingly evident that the present administration has inherited and accepted the very policies Republican leaders once inveighed against so loudly. These policies in simple fact were made with Republican participation. They are being continued by the Republican administration.

DULLES LIKE ACHESON

One of the chief architects of that policy, John Foster Dulles, has now become the spokesman of the American people to the nations of the world; and he has brought over with him to the halls and meetings chambers of the State Department the entire Truman-Acheson foreign concept almost without variation.

I do not like to labor the subject, for it is not one which gives me pleasure to dwell upon, but is it not true that the identical bipartisan nature of our policy under which Senator Vandenberg and other leading Republicans cooperated fully with the Truman-Acheson axis, though they paid lip service to another ideal, continues today in all of its main essentials? Do we not continue to appease the Communists at Panmunjom, though we sometimes clothe our doubts, vacillations, and retreat from principle, in brave words? Do we not still continue to pretend that we are not at war with the Chinese whose great armies have laid the northern half of the Korean Peninsula prostrate? Do we not continue another vain and cynical pretense by affecting to fight under the banner of the United Nations, in a war which is being fought by American soldiers, American arms, and paid for by American tax moneys? Is it not true, Mr. President, that this pathetic fraud against the American people and against ordinary simple honesty, continues under conditions where our so-called European allies have constituted themselves the main suppliers to the Chinese Communist enemy, for a commercial profit?

KOREAN ARMISTICE A FRAUD

It is true, Mr. President, that there is now much talk of armistice with our savage opponents in Korea. Here, too, there seems to be a total contradiction in terms, for if this is only a police action and not a war, who is it with whom the police are making an armistice? Is it an honorable enemy, fighting for his home, or some minor filibustering criminal? There is a great difference in principle here, and in object. There is an extreme difference in the way this settlement will be regarded by the impressionable peoples of Asia, who are apt to believe we have been defeated in a fair test of arms, and that all our protestations of virtue are so much empty windbag talk. For will not this so-called armistice invalidate all our self-proclaimed goals of freedom, self-determination, and democracy? To achieve this armistice, will we not have to abandon our professed purposes, our ally Chiang Kai-shek, and our South Korean ally as well, and will we not have to accept the appearance of ignominious weakness, incapable of even bringing the untutored Mongolian hordes of Mao Tse-tung to defeat in battle fairly met? And will we not be expected to reward the Chinese Red aggressor for his villainy by tendering him a seat on the Security Council of the United Nations and opening to him the commerce of the world so as to aid him in reducing his nation to unconditional helotry?

I must also ask, Mr. President, is it not true that we still rely on the same old international nostrums which have been discredited time after time and have been worn literally threadbare—spoon feeding a group of European allies—who are willing to do little more to help themselves than to blackmail us periodically with the threat of communism unless we come across with more money, more money, more money?

DULLES WOOS DICTATORS

Consider the wholly ill-advised jaunt of Secretary Dulles over the Eurasian world, symbolized by his presentation of a nickel-plated revolver to the Egyptian strong-arm man, General Naguib, in the name of the American President, Dwight Eisenhower. Has not the whole world seen the pictures of this small-time dictator brandishing this absurd weapon? Does not Naguib represent the type of authoritarian usurpation of government to which we have proclaimed ourselves unalterably opposed? Is his country not the same Egypt which did not lift a hand in its defense when Rommel threw his legions at Cairo and Alexandria? It is the same Egypt which was thrown back on its heels by the untrained regiments of poorly armed little Israel during the latter's war for independence. Does any military man question today that this opera-bouffe country could be reduced to impotence in a matter of days by two good British companies attended by half a dozen airplanes?

Everywhere on Mr. Dulles' itinerary he played the part of a big, bluff Santa Claus without whiskers—a few millions extra here; more millions in the next place; new M47 tanks to a Yugoslavia whose devotion to our cause is more than questionable; a thousand jet aircraft of new design to the Turks, who, noble as they may be, could not resist Russian arms for a week. At the same time we are told there is not enough money to equip our own Air Force, which General Vandenberg assures the Congress is already below the danger line.

Can anyone find in these ill-considered childlike actions any justification for faith in Mr. Dulles and in the future? Where is the realism? Where is the good sense? Where is that clarity of bold purpose which the present position critically demands? Mr. President, before I survey the position in its un-reassuring detail, is it not true that we continue to follow the identical foolish and unsound policy of "Asia for the Europeans," while Moscow has been allowed to take up unchallenged the slogan of "Asia for the Asiatic"? Has not the Kremlin made the most of this in the tremendous struggle for the conquest of men's minds? And have we not had to answer this challenge with the bodies and lives of our best young men on the bloody battlefields of Korea?

EUROPEAN INTERESTS FIRST

Is it not our policy under this administration, as it was in the preceding one, to treat Europeans and their interests as our so-called first line of defense? Principally, has it not been our policy, and is it not now our policy, to defend Britain and her imperial interests all over the world as an essential prerequis-

ite to American welfare? Is not this why we have allowed ourselves to be dragged time after time into the preposterous and imprudent commitments which have passed under the name of mutual self-help, loans, and reciprocal trade, and which now flaunts its painted visage under the untrue and dishonest slogan "trade, not aid"?

Let us face the whole truth, Mr. President. Is it not a fact that we have disrupted our American economy to the point of real danger, leeching its productive resources and imposing a crushing burden of debt upon whole echelons of unborn generations to come?

What productive good has come out of all this? I do not think it enlarges upon the position to say, "None." The position of the United States in the world economy has steadily deteriorated. Russia, which once was inconceivably weak in relation to our Nation, industrial-, geographical-, military-, and finance-wise, is rapidly reversing the position. We have lost China and Central Europe; south eastern Asia is steadily slipping away. Former United States Ambassador Bowles has reported there is at least 1 chance in 3 that India will go Communist in a few years. Africa is in danger; and Europe has been stampeded at the first sign of Russian agreeability, to abase itself at a new Munich for the sake of trade and profits.

THE REPUBLICAN PLATFORM

Finally, Mr. President, is it not ironic that it is a Republican administration, my old friends and comrades of the Grand Old Party, who have taken up the cudgels for continued oppressive taxation, who feel that the American taxpayer, like Atlas, must bear the entire world on his back, and who resist any effort to reduce taxes to a reasonable level? Does anyone need to remind my comrades of the Grand Old Party that all of this is in direct opposition to the platform and the claims on which the Republican ticket rode into office?

Mr. Eisenhower and his Cabinet looked very handsome on the roundtable discussion which was so impressively staged on the television circuits by a New York advertising agency. But the silence of the American people in the face of this adroitly handled public relations operation must not be considered as consent. They are frankly unconvinced. I must say that if it is true that in electing Dwight Eisenhower Chief Executive of the United States, the people of the United States repudiated Harry S. Truman, they will not support the same policies under a different label.

IT IS TIME TO SPEAK OUT

It may be that in saying these things I place myself under serious political risk. To speak with such frankness is not the path of political opportunism, nor is it good practical politics. No one knows better than I the steamrolling ability of a political machine which holds the sources of power in its hands.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. LANGER. After I have finished, I shall be glad to yield.

Mr. MORSE. I merely wish to say that as the representative of the Inde-

pendent Party on this side of the aisle, I am delighted to sit here and listen to the senior Senator from North Dakota.

Mr. LANGER. I thank the distinguished Senator from Oregon very much indeed. He is always ready to listen and learn. I appreciate the splendid service the junior Senator from Oregon has given.

Mr. MORSE. In looking at the empty seats, it will be observed that it is still a lone-wolf position.

Mr. LANGER. It is, indeed.

Mr. President, I have considered all this, and within my inner soul have found the only possible answer. I do not believe that anyone will so act against me in an effort to stifle the right of a United States Senator to speak, however he may be stung by the nettles of truth.

But even were I mistaken in this, I would not be deterred from my simple duty. I am a man of 66, and under the actuarial tables I have only a few more years of active service to give my country and the people of my State who sent me to Congress. My political future lies behind me, and I cannot be threatened with having it taken away. If the life expectancy charts are to be believed, certainly, it is unlikely that I shall be here much longer.

I intend to speak my mind today without reservation and without fear of offense. For the greatest offense that can be given in these days where the very future of our institutions is threatened, is not to one's friends or to one's associates in a political party, but to the basic interests of the people themselves.

DEEDS, NOT WORDS

There have been other voices raised against the all-consuming folly, which under two succeeding administrations, one Democrat and the other Republican, has corrupted our national policy to the very edge of fantasy. These were the voices of men who have felt within their deepest souls immeasurably disturbed for our future. But even here, in these men of undoubted courage, we have observed a certain timidity, a feeling of uncertainty somehow, that everyone could not be out of step but Jim; that, therefore, beyond and above all reason and logic, there must be some undisclosed worth to the administration's tactics and to the estimates which have given rise to them. It is both the strength and weakness of Americans that they have tended to close ranks and to bear with their leaders, even when the position assumed by Government seemed to be grimly mistaken and dangerously undertaken.

I, myself, Mr. President, was much heartened to see one of my colleagues, the senior Senator from Ohio [Mr. TAFT] nibble on the edges of this critical and pressing problem 2 weeks ago. In a statement in which he bespoke the evident misgivings knowing at his soul, the Senator from Ohio questioned the basis of our mutual-aid policy. He entered into no supporting detail, simply stating his deep apprehension over the course events had been taking, suggesting that, if necessary, the United States could give over the fiction of United Nations support in Korea, and come to its own conclusions and, presumably, its own

policies, without the dragging dead weight of questionable allies and supporters, whose actions reflect little in the way of assurance. In fact, in the great struggle which is taking place for the rights of man against the systems of imperial enslavement, many of our own allies must at all times be conscious of the danger to which they themselves are exposed as imperialist powers, and as occupiers and exploiters of others.

A flood of glorious propaganda, fulsome in its self-praise of the British, French, and other imperial governments, may sound lovely and reassuring to the American ears for which it is intended, but to the Malayan or the native of Indochina, or to the hounded black native inhabitant of Africa who has been reduced to helotry and shorn of the simplest human rights, the threat of Communist imperialism may well seem to be overdrawn.

The Malan regime in South Africa, with its unworkable apartheid policy of racial discrimination, is apt to look more real than the declarations of human rights issued periodically from our side. The native worker in the ricefields, who risks his life daily in nighttime guerrilla warfare against the imperial interloper and the detested puppet governments installed by him, may well harbor similar sentiments. The Moscow-trained agent in Kenya, where the desperate Mau Mau rebellion springs from the equally desperate lot of the native in his own country, is apt to appear to these people as more of a knight in shining armor than a dangerous agitator.

"ASIA FOR THE EUROPEANS"

In fact, Mr. President, by our association with the colonial oppressors we effectively cast the lie in the face of our own statements of declaration by which we are attempting to win these people over to our side. What it comes to in a nutshell is something like this: A well-known South American statesman and longtime friend of the United States, remarked dryly to me: "You Americans are so strange. The Russians are in Asia and crying the slogan 'Asia for the Asiatics.' You, on the other hand, are in Asia with guns on a general commitment to the rotes of democracy; but, so far as the native can see, you are actively on the side of the European imperialist aggressor. To the Asiatic your actions would seem to spell out 'Asia for the Europeans.' Now logically, which side do you think the Asiatics will be on?"

The Asiatics seem to have given their answer to this, Mr. President. For practical purposes they seem to be on the side of the Communists. No matter what declarations are made to them about the wicked nature of Communist aggression, they are likely to answer that they are unacquainted with it, but that they are acquainted with European imperial aggression. Communist slogans may be false and fraudulent, but to the native of southeast Asia who has no political, economic, or military power in his own land and whose dignity as a man is even in question, there is an understandable willingness to look on the Russians not as future oppressors

but as liberators. Even the most conservative Asiatic businessman would be likely to look with cold anger at an act such as the recent and sudden devaluation of the Indochinese monetary unit, the piaster, in which its value was arbitrarily reduced from 17 to 10 francs. The devaluation was announced by the Ministry of Finance in Paris on May 10. On May 11, it went into effect; and from that date forward, all of Indochina's commercial and finance transactions must be based on the new exchange rate.

UNITED STATES PLAYING SECOND FIDDLE

I think the Washington News put it plainly in its editorial on May 7 of this year, when it said that—

Instead of uniting the independent nations of Asia against Communist aggression, the United States has been playing second fiddle to French and British colonial policy, which operates to keep Asia divided.

Even on the score of pure expediency, and ignoring the moral and human values with which I must be concerned if our own system is to endure, a policy based on this situation is hopelessly unreal. The imperial nations, contrary to our American interests, are determined to see their colonial possessions deindustrialized, with low levels of incentive and education, for any attempt on the part of the native to seek political, economic, and other rights would lead him directly to revolution and to control his own destiny.

Thus, when the American policymakers came to the point where they sought to merge the non-Communist nations of Asia into a mutual-defense organization, they found, instead of independent, strong, interested nations, a group of impoverished, spiritless, and depressed colonial-ruled territories with no capacity for self-defense, no educated or ruling class, and subject to the will of European masters who saw only mortal peril to themselves in any situation in which those people were treated as equals and capable of such actions as a mutual self-defense pact would require.

Actually, Nationalist China, the Philippines, and South Korea desperately wanted such a Pacific defense organization. But the British and French were adamantly opposed to it. The French did not wish the three states of Indochina operating independently of France. For similar reasons the Dutch rejected the proposal, as did the British.

The result was that our State Department vetoed their own measure as being "premature." What we now see in Southeast Asia is a power vacuum in which a few handfuls of guerrilla fighters, tacitly supported by an embittered local population, are able to enforce continuous turmoil and near chaos. Instead of being an asset to us, these colonials are a liability; instead of their population masses joining us in orderly ranks in a common struggle against the conspirators of Moscow and Peking, we observe apathetic illiterate people with little stake in the world, who regard us with unconcealed suspicion. If they are to be protected against the newer and even more ruthless slavery of communism, it will have to be against their will and

by the intervention of American arms and men.

THE "BIG LIE"

Before I go further, Mr. President, I should observe that our mutual-aid policy is the result of a total misconception of circumstances and events, so enormous as to partake of the aspects of a gigantic swindle. It has in association with it all the configuration of the "big lie." It is the very boldness of this fraud which protects it from observation. As in the case of the man who, having committed one murder, must commit a second to cover up the first, and a third to cover the second, each of these deceptions demands in turn an even more preposterous stratagem to cover the previous one. All the arts of public relations skill are let loose to prove that black is really white, until no one knows any more where truth and good sense are. This is a complication of events which can end only with the destruction of the American character and of the Nation itself, unless we take clear counsel among ourselves.

I do not for a moment argue that we should not help our friends. The problem is to find them, and then to come to a modus vivendi which involves a true mutuality of interests and obligations. The hypnotic catch phrases which are so skillfully thrown at the heads of the Congress and at the American people, are not a proper substitute.

The declaration that "we do not dare stand alone in the world," has a magnetic sound to it. It appears unanswerable until it is realized that for practical purposes we actually are standing alone.

DOUBTFUL ALLIES

It is axiomatic that a doubtful and vacillating ally or a self-seeking associate does more harm than good. A single look at events in Korea tells us that if a real alliance is to be based on give and take, on sacrifices freely offered and loyalties clearly given, all we have in our camp is a group of restive, self-seeking retainers whose entire course of action is dictated by cold-blooded self-seeking. So long as we are content to pass out the money, pay for everything all around, and play the pretentious role of the grand seigneur to the less-favored, these are the kind of associates we shall have.

I shall refer to all this again in the course of my remarks today, pointing out in detail the omissions and cunningly fashioned distortions of fact which the Government so carefully glosses over. At the moment there is something else I should like to trace. This is the astonishing metamorphosis which has overcome the thinking of those responsible for the direction of American foreign policy. It is a change in the national attitude which has truly been revolutionary.

AMERICANISM VERSUS EUROPEANISM

Men are fond of quoting the wise admonishments of Washington, Jefferson, Madison, Monroe, and other Founding Fathers, warning Americans not to become entangled in the affairs of Europe. We were told that this was the pathway to American ruin. It was these same

noble minds which formulated the style of government and social organization which rules the United States and which differentiates Americanism from Europeanism in the truest sense. If their warnings to avoid entanglement in the perpetually embittered affairs of Europe were not correct, then the political formulations they embodied in the Constitution, in the Declaration of Independence, and in the economic and political structures of our American society also are not correct. For all of these are the outcome of the same estimates of life, and of the identical philosophic spirit. The point of view which dictates the one, inescapably flows out of the other.

Americanism was not a mere continuation of Europeanism, the outcome of some secessionist desire of unruly colonists to form a new political unit on the earth's surface. It was actually in the most profound social and political sense, something altogether new, a revised outlook on the effort to create a new and better relationship between man and his fellow men. To accomplish this result the Founding Fathers knew it would be necessary to escape entirely from the age-long hatreds, the social neuroticisms, deep-rooted suspicions, the bloody tyrannies, egoisms and exploitations which had always characterized the life of Europe. It was necessary to break loose from the entire pattern in which these European states operated, and to deny and negate the fundamental concepts by which they ordered their lives.

There are very few of us whose ancestors did not come to this country because they in one way or another understood these distinctions. That is why they came—because we were different. They came because they were fed up with Europe and wished to make for themselves and their descendants a new kind of life based upon a new understanding of the duties and privileges of men. It was for this reason that there has been a one-way flow of so many millions of Europeans to our shores—I should say of the very best Europeans—who have seen in the spirit and form of the United States the Shangri-La of their finest hopes. Were we to open our doors wide, this flow would become a great flood again.

WHAT "FREE PEOPLES"?

Mr. President, when I see the Government in its effort to justify our recent entanglement with the affairs of other nations, describe them as "the free peoples of the world," as if they were a part of the very fabric of our family life. I am not only amazed—I am literally appalled. Actually, it is a perversion of truth to describe any of the nations of the old world in the same breath with ourselves, on the score of social and political organizations, outlook, or basic principles of life.

As for the Asiatic states, they certainly have had no experience in our type of political and social organization at all. They are for the most part victims of European aggression, and their inhabitants continue at a subsistence level—illiterate, depressed, and usually on the very verge of starvation. Even where

they are reasonably free from European exploitation, they are the victims of domestic exploitations. Their elections are usually conducted by strong men at the point of the gun. This is certainly true of our wartime ally in Korea, Syngman Rhee, and is even declared to be the case in our own recently freed Philippines.

I have no feeling of animus toward these people and wish them well in their gropings toward some kind of well-being for all of their people. I merely say that to describe them as active participants in our own style of government and social order, is complete misstatement.

SPLINTERED EUROPE

As for Europe, the first prerequisite to a simulation of the American type of constitutional, free-enterprise system, is the elimination not only of the antique remnants of feudal organization but also of the self-seeking sectionalisms which set up impenetrable barriers to the free flow of trade and free intercourse of each people with its neighbors. Europe consists of a great group of economic, political splinters which through the charted course of history have made unrelenting political, military, economic war upon each other. Their governments are self-centered and egocentric by tradition, and accept as a normal and natural element of existence, the principle that their fundamental rights and duties are only to themselves. I will prove it as I go along. In their relationships with each other they recognize no law, moral or otherwise, except that dictated by their own needs and desires, and by the amount of muscle they are able to apply to the resolution of any given problem. Napoleon pronounced the true European view toward events when he declared that "God was always on the side of the heaviest artillery."

This cynical disregard for the rights of men, including those of their own submerged social levels, has shown itself in a variety of ways and manners. It is visible in the dismal slums which disgrace the most prosperous of European cities. In the remnants of feudal aristocracy with their medieval struttings and self-pretensions. Certainly not least, it is visible in the incessant wars which have perpetually disgraced the life of the European Continent and which have led directly to the present world crisis. Nazism and communism were a direct outcome of the parent situation I have described, though it is fashionable now to treat these social catastrophes as being somehow independent phenomena which are themselves responsible for the present troubles of the European states.

IMPERIAL SOCIALISTS

Combined with Europe's separations and political splintering, have been the recurrent local tyrannies, and a determined steam-rolling imperialism abroad which has left the most dreadful effects upon both Asia and Africa, contributing heavily to the existing crisis. It was only by the most determined and courageous action on the part of our forebears that we here in America escaped it. Indeed it was only by a unique combination of foresight and resolution on our part, that our neighbors on the American Con-

tinent managed to maintain their freedom. This was done through a grim warning written by Jefferson and enunciated by Monroe, declaring that any European state which attempted aggression against any territory on this continent would run up against a wall of American men at arms. We gave them nothing. Today it is proposed that we give foreign nations \$6 billion in addition to what we have given them in the past. It would be taken away from our veterans and our laboring men and our farmers, and given to those foreign countries. Later I shall show how many billions of dollars we have already given to foreign nations.

It is worth at least remarking, that in protecting these states against the depredations of foreign imperialisms, we offered them neither subsidies nor arms; our great early Presidents did not saddle the American taxpayers with responsibility for their happiness and economies. We were content to protect them by a declaration of intention as best we could, and to let them work out their own destinies.

The cynical self-seeking which distinguished every era in European history in the incessant wars these states have made upon each other, has in our generation spilled over into the economic sphere as well. At this very hour when the slogan "trade, not aid" is being pushed with all of the arts of public relations fanfare to the American people, European exploitation of each other's welfare is at its worst point in history. Oranges rot on the ground in desperately impoverished Italy and Spain for want of market, while in Britain austerity rules and an occasional orange is a luxury.

EUROPE SPIRITUALLY SICK

We who have been so long accustomed to the free air of the United States do not readily grasp the cold and almost ferocious cynicism of the European point of view. Nor do we understand, Mr. President, that this deadly uncooperativeness is directed not primarily at the United States, but at each other. The United States is just a Johnny-come-lately in the situation, and its principal importance to Europeans lies in its unprecedented willingness to pass out great sums of money on demand, request, or threat. The principal preoccupation of European states is still their colonies, their domestic suspicions and hatreds, and their morbid dislike for each other.

One way in which this spiritual sickness shows itself is the attempt of each European state, down to countries not too much larger than a postage stamp, to make itself totally independent of all others. The word by which this condition is described is autarchy, and the condition is called autarchus. This attempt to be autarchus is exactly the same as if my State of North Dakota determined to disrupt the business of the United States by setting up independent automobile, ceramic, aircraft, chemical, and other industries, and to make good on these uneconomic enterprises by every manner of physical protection, conspiratorial action, and bludgeoning of the

commerce of others that it could manage to get away with. Among the methods used in Europe is an iniquitous licensing system for imports, subsidies for exports, tariffs, bilateral trade agreements, barter deals, special tax dispensations, and import controls—in short, every dishonest trick by which it is possible for a modern state to hold a knife at the throat of its neighbors.

John Hulley, Chief of the Regional Staff of the Mutual Security Agency, tells us frankly, in the April 1, 1953, issue of the quarterly, *World Politics*, that, in most of the European countries, "Government, labor, and business have joined to pay lipservice to the ideal of a single market in Western Europe, while simultaneously proceeding either to block trade liberalization or to prevent anything more than the most insignificant progress."

Mr. President, that statement comes from a leading official of the Mutual Security Agency.

PEGGED MONEY

Among the most vicious of the practices by which one state manages to victimize the commerce of others is the arbitrary fixing of money values. Mr. President, ask any woolgrower in the United States, even if he never went to school for 1 day. He can tell you what the arbitrary fixing of the value of money means. Free money, Mr. President, has a value which is set entirely by what one may exchange it for in the open market, in terms of commodities. Pegged money, as operated by the European state banking systems, is an arbitrary and fraudulent treatment of money values, by which the national monetary unit by decree is given an arbitrary value which all legal business operators are forced to accept. The reverse side of this coin is, of course, the black market in money which automatically ensues. Actually it is the legal money which is dishonest, and the black market evaluation which is honest, in this case, for the black market level accurately expresses the true value of the monetary unit in the free market. In France at one time the government was compelling everyone to accept the franc at a value of 150 to the dollar, while any concierge in any hotel could get the casual visitor 450 to the dollar on the black market, and still could manage to make an illicit profit for himself.

INTERNATIONAL GANGSTERISM

One is tempted to compare this set-up with the so-called protection often sold by gangsters in American cities to defenseless shopkeepers, although the only defense the poor shopkeepers require is against the gangsters themselves. The pegged money situation is a perfect expression of international gangsterism.

Take, for example, the British pound sterling: By official declaration the pound in 1949 had been worth \$4.03 in relation to the free American dollar. Anyone who wishes to deal in terms of British imports, or exports, could take it or leave it. Suddenly in September of that year, and without warning, the British Government declared the British pound to be worth \$2.80 in relation to the

free American dollar. The purpose of this maneuver was, as usual, a cynical one—that of being able to offer British goods in American markets cheaper, and thus to steal a march on both its European and American competitors in American markets. This was done, not by recourse to time-honored laws of cause and effect and supply and demand, but by the meat ax of governmental edict.

What was the result?—Shoes, crockery, and other British goods which really had to compete with similar American goods for our domestic market, were reduced in price by the full 30 percent provided by the edict of devaluation. On such materials as Scotch whisky, where British exports found no competition, the price was raised at once to absorb the 30 percent devaluation, so that in terms of dollars it remained as before.

At about the same time, and taking their cue from the British—whom they accused, incidentally, of an attempt to ruin the trading economy of Europe—the French reduced the value of their franc from approximately 220 to the dollar to 350 to the dollar.

If an independent American businessman attempted to engage in this kind of piracy against organized society, he would immediately be tried and placed behind bars as an ordinary criminal. Yet the European states, and countries on other continents taking their cue from Europe, indulge in these sharp practices with impunity.

TREATY CONTRACTS MANIPULATED

The foreign states with whom we have treaty contracts by which they agree to liberalize their trade arrangements, in practice have done exactly the opposite. In addition to the usual bilateral agreements, import quotas and fees, licenses systems, export bonuses, and price-fixing, to which I have referred, they possessed in juggled money a perfect agency for painless defaulting on any agreement. As if this were not sufficient, they freeze payments of account altogether, or subject everything to quantitative or individual restrictions, altering required permits and licenses by day-by-day decisions, if it pleases them to do so.

Mr. President, let me give you some idea of how this operates. I shall read from the third annual report on exchange restrictions, issued by the International Monetary Fund. In this connection, I shall refer to Argentina. When I refer to Argentina, I think of the woolgrowers throughout the middle part of the United States of America who have been put out of business by the juggling of the value or the price of the Argentine peso by the Argentine Government.

In the Argentine—

So says the report—

restrictions are exercised through licenses required for all imports, individual import quotas for some goods, licenses for nontrade payments, and through a multiple currency practice resulting from the use of basic, a preferential, and a free-market rate * * * a multiple currency practice results on the buying side from the use of three buying rates—

Three buying rates, mind you, Mr. President—

including a free-market rate. Some exports are controlled, taking into account the requirements of the internal market.

Just think of that, Mr. President! Meditate on how complete this control is and how totally it responds to the lightest touch of the manipulator. Let us see, for example, what is meant by multiple currency rates. It is precisely this: The Argentine peso is pegged, without relation to any true market value, at three different rates—5 to the United States dollar, 7½ to the dollar, and a third, or fluctuating rate, on the free market. In short, depending on what is purchased, and also depending on the so-called desirability of the purchase in terms of the Argentine economy, the identical Argentine peso has three widely differing values, amounting in effect to a control system of exports and imports which would defy any trade treaty ever made.

The exporter who sends to the Argentine imports Argentina is seeking to discourage, finds that he is paid in currency which is worth a good deal less in real money than that given another American shipper whose imports into Argentina the Peron government is seeking to encourage.

There are preferred imports such as fuel oil, coal, and coke, in connection with which the peso attains a 5-to-1-dollar rate. On other and less preferred imports, such as foodstuffs, steel, tobacco, and industrial materials, the rate is 7½ to the dollar. All nonessential and luxury imports, such as automobile and watch parts and motorcycles, are affected by the free-market rate, which currently is at 14.37 pesos to the United States dollar.

BRITISH TRADE RESTRICTIONS

Mr. President, I now come to the subject of British trade restrictions, imposed by a country to which we have given billions upon billions upon billions of dollars, and which is going to receive a great deal more money if the pending bill is passed.

What manner of sense or effectiveness is there in an agreement with countries guilty of such practices as these? Now let us take Great Britain, which is loudest in its denunciation of what its leaders call our "trade barriers and restrictive trade practices." I refer again to the Third Annual Report of the International Monetary Fund. The United Kingdom has a complicated list of licenses and restrictions which leave any and all decisions on the operation of trade in the hands of the British Board of Trade and the Bank of England. Not only must the American exporter contend with the opposition of a rigid cartelized competition quite capable of preventing even the possibility of physical distribution of his product in the British market, but he discovers that licenses are required for almost all imports. Moreover, the same system of licenses which applies to American imports does not apply to imports from other countries. In short, there are favored countries, depending on whether

they are a part of the monetary and trade structure known as the sterling bloc, and depending also on the degree to which they are a party to that bloc.

Let us take another item, the freezing of payments of account. This is very interesting in view of the great fuss which has been made over the American Army's refusal to accept a British bid for generators on the Chief Joseph Dam project.

An American exporter may in most cases sell in Great Britain. Theoretically, he can be paid. In fact, however, he cannot receive his money in terms of dollars or convertible sterling except by special negotiation involving high-level discussions with representatives of the state itself.

FREEZING OF FOREIGN FUNDS

The greater part of the savings of the Irish Republic are thus frozen in British hands. India has to her credit approximately one billion pounds sterling in the London Bank, but she cannot touch it. These funds are gradually released at the option of the British Government, and the Bank of England, an arm of that government. These releases are conditioned always by tie-in-trade demands placed on the respective countries. Ireland for example would like to buy American coal, but cannot do so without running the risk of offending the Bank of England. The same is true of India and of other countries.

The sterling area agreements derive their efficiency from the very practices and exchange controls which were denounced at Bretton Woods and San Francisco. This web which expresses economic nationalism at its worst, extends in many directions. There are 3 or 4 gradations of integration of the various associated states, with the sterling bloc mechanism. We find, for example, the special anomalous situation in which the Russians through their connection with the fringe areas of the sterling bloc, are in a better position to buy cheaply and freely in sterling countries than is the United States. Transfers of capital to any place outside the sterling area require official approval, and even the amounts which may be taken out of the country by persons traveling on legitimate business are rigidly controlled. My distinguished colleague from North Dakota [Mr. Young] can testify that when a committee from Manitoba or Saskatchewan comes in to North Dakota, each member of the committee can bring with him only a certain amount of money.

The bloc includes the United Kingdom, the territories mandated to Great Britain, British protectorates, Saudi Arabia, Egypt, Iraq, Iran, Ethiopia, and all the dominions with the exception of Canada and Newfoundland. It also includes a number of European countries which are bound to the bloc by an accumulation of sizable sterling balances which are permanently frozen unless utilized by continued transactions within the sterling area. I am taking these statements from the International Monetary Fund, official newspaper of all the funds.

EUROPEAN ECONOMIC NATIONALISM

As is the currency of other European countries, the pound is artificially pegged at a considerable overvaluation in terms of real exchange, and the exchange controls are linked with licenses to do business, import goods or to make payment in dollars. Individual American businessmen from Georgia, or Iowa or North Dakota or Oregon, seeking to trade in these areas can do so only by specific permission from the Government, and it will interest all of us to realize that this condition applies as much to Jamaica, Bermuda, and the other islands lying off our shores as it does to Britain itself, Iraq, or Africa.

Thus we find the British crying out of one side of their mouths for "trade, not aid"—a slogan, incidentally, originated by the very talented British Minister of the Exchequer, Mr. Richard A. Butler—while at the same time, in their actual dealings the British themselves have created all the conditions of economic warfare and bilateral trade which British statesmen are so loudly decrying.

This economic nationalism has not failed to have its expected counterpart in the internal market of Britain itself as well as in the internal market of the other states associated in the sterling bloc action. These have to do, as I previously pointed out, with internal controls, subsidy schemes of all kinds aimed at curtailing the free market, and by the planned production and controlled exchange of commodities. The result is the pattern, hateful in American eyes, called the cartel system. Prices are fixed, competition effectively done away with, and the market neatly divided up. The operation of such a system as this is contrary to American law, and indeed invokes criminal responsibility on the part of its operators. In Britain, France, and other European countries it functions with the active participation of government. There is no Sherman anti-trust law in England, and there is no so-called Clayton Act in England. On the contrary, the Government sees to it that no law of that kind is passed.

ONE-SIDED MUTUAL TRADE

John Hulley, in the April 1953 issue of *World Politics*, to which I have already referred, observes that industrial "organization exists in Europe today in the worst form, that is, allocation of markets. Within each nation agriculture and heavy industry enjoy protected monopolistic position within which they can control prices and output."

Mr. Hulley is one of the men in charge of mutual aid in Europe.

A little later I shall refer again to these so-called mutual-trade agreements. I shall not attempt to go into further detail at the moment, but will say that none of these agreements are worth the paper on which they are written. For one thing, they cannot do away with the physical fact of these gigantic monolithic enterprises with their unlimited capacity for conspiracy and predatory action.

This entire complex system of control with its dependence upon individual interpretation by Government function-

aries quite efficiently nullifies any conceivable reciprocal trade treaty which may be made between the United Kingdom and its associates, and the United States. In its essence it is no different from the piratical monetary and trade schemes originated by Hjalmar Schacht when that warped financial genius was operating for Hitler. These dealings we loudly denounced at the time as being both dishonest and untenable. Are they more honest and more tenable when they are practiced by the British and other friends?

What is honest and mutual about the manner in which trade is placed in a straitjacket, so that British coal has actually two prices, one for domestic consumption and another for the export market? In short, if the coal is to go to countries which urgently require it for their coking furnaces and industrial establishments, the price automatically goes up.

TIE-IN SALES PRACTICE

Material furnished by the Mutual Security Agency concedes such references as so-called tie-ins or combined sales by which "exporting countries agree to supply urgently needed items if trade partners agree to issue import licenses, for a satisfactory volume of nonessential goods." The sale of coal to an importing country may be made conditional upon the latter's issuance of import licenses for luxury textiles, confectionery, and so forth.

Schacht did this to Yugoslavia before that country was invaded by Hitler's wehrmacht, forcing the Yugoslavs, in return for the right to purchase some urgently needed machinery, to take a 50-year supply of aspirin in addition.

All these highhanded trade and commercial maneuvers have developed from cause. They are there to protect high-cost, inefficient operations by which each little country follows a pattern of seeking to become as self-sufficient as possible.

The course which the liberalization of trade should follow was stated by Paul Hoffman in a speech before the OEEC on October 31, 1949:

The creation of a permanent, free-trading area, comprising 270 million consumers in Western Europe, would accelerate the development of large-scale, low-cost production industry. It would make the effective use of all resources easier, the stifling of healthy competition more difficult.

Actually, to create this highly desirable condition, Europe would have to let down its existing political as well as trade barriers. It would have to form a United States of Europe, and put an end to its little Marxist cliques and the traditional self-seeking which have kept Europeans at each other's throats during all of these centuries.

Again I remind the Senate that to speak of even the best of these countries as being democratic, in our sense of the term, is a mere play on words. The Russians are fond of speaking of the people's democracies in referring to their own satellites, and if we are to include such worthies as Tito, the Greek royal family, and Franco Spain, it makes just about as much sense for us to speak of our so-called democratic allies.

UNDEMOCRATIC DEMOCRACIES

Let me digress for a moment, to refer to this peculiar terminology which we use so freely.

Certainly none of the European or Asiatic states are democratic in the sense that their organizing principles allow for the existence of a true free-enterprise economy. As we have seen in our own international dealings with these countries, the same yardstick used in relation to our own production for export cannot be used in regard to that of foreign states. The export business of these countries is largely controlled by the state itself, which in one way or another manages it and is in a position to use it as a weapon of state policy. Against such a condition even the largest of our individual trusts is apt to be helpless.

Imagine, Mr. President, a great big country with that kind of a setup bidding against even the Standard Oil Co. for the supply of oil. Strong and powerful as is the Standard Oil Co., it can be outbid. The Standard Oil Co., perhaps, is the only corporation in the entire world that has any chance of winning in a bid of that character.

Despite treaty declarations of any kind, trade barriers are erected which American enterprise cannot hurdle in foreign markets, whereas it is exposed to the prospect of ruinous competition in vital sectors of our own domestic markets. In fact the very organizing principle which gives European competition its formidable quality, that of the cartel web, is, as I have stated before, expressly prohibited by our Federal law.

TITO'S YUGOSLAVIA NOT A DEMOCRACY

Although it is our wish to remain as friendly as possible with all of these countries, it is a piece of nonsense to describe them in terms of "the democracies," or in other words, as partaking of a style of economic and political organization synonymous with our own. By what stretch of the imagination is Tito's Yugoslavia a democracy? Is it not a Communist state, as vigorously opposed to our own free enterprise system as is China, Russia, and the other Communist countries? And may it not be suspected that the falling out by which Tito and the masters of the Kremlin find themselves in opposition, may only be temporary? Simply because Stalin and Trotsky fell out, it did not make Trotsky a democrat or any more reliable from our own point of view, and it is entirely possible that Stalin's death may facilitate the reentry of Tito into the Russian system of satellites. There would be no loss of face to either in a deal between Malenkov and Tito on this subject. Certainly such an outcome is not more difficult of contemplation than the about-face which produced the Hitler-Stalin deal from whose effects only Hitler's colossal blunder, in subsequently attacking his Russian partner, saved Europe.

ALL IMPERIALISM IS EVIL

In any case, if the Communist system is evil and if it degrades and brutalizes humankind, then it is just as evil under Tito as it is under Malenkov and Beria. If imperialism as utilized by the Russians is vicious and hateful, it is just as vicious

and hateful in the hands of European colonial usurpers wherever they may operate, for in each case what is depended on is the unlimited use of force, corruption, and intrigue. The one way these victimized peoples can secure their rights and escape from the crushing yoke of a foreign overlord, is by the exercise of unlimited force in turn—in short, by bloody revolution such as occurred in the case of the Irish Sinn Féin, the so-called Jewish terrorists in Israel, and today in Africa, the Mau Mau terrorists. It is a melancholy commentary on these situations that bloody suppression creates an equally bloody and unrelenting reaction on the part of the suppressed, who are no longer able to regard the world in terms of ordinary, decent, moral values. As always, the tree of evil brings forth poisoned fruit.

Among the more moderate European nations, it can hardly be said that the states of the Iberian Peninsula under their twin dictators, Salazar of Portugal and Franco of Spain, are democratic in the sense of the term understood by us. For that matter, it has been stated categorically, and I think it is true, that the much criticized left-wing Progressive Party headed by Henry Wallace in the United States was still considerably to the right of the so-called Conservative or Tory Party of England, a nation proceeding along the road of mixed marxist-imperial-monarchist principles. As an organized unit in world society, Britain is an anachronism, being 94 percent urban, almost without local resources, no longer able to protect its far-flung empire from its countless enemies. Even the Argentine, which covets the Falkland Islands, and Guatemala, which considers British Honduras as irredenta territory, present serious elements of weakness to the British position, as do Hong Kong, Gibraltar, and the very vulnerable schematic structure by which Britain rules such varied areas as Iraq, the Hadhramaut, Ethiopia, and Thailand.

BRITAIN'S NATIONAL SOCIALISM

At home, Britain's method of state organization contains none of the checks and balances provided by our own Constitution, which give our Nation its peculiar character. The supreme authority in England is the House of Commons, against whose decisions there is no recourse. Even though the members of the House are constitutionally elected, the system is quite alien to ours and provides none of the safeguards peculiar to the American method. Like most of its European counterparts, Britain is in effect a nationalist-socialist country. Socialistic at home and imperialistic abroad, except for the question of violent degree and the depth of its racial ideology, its position is not basically different from that of Nazi Germany. The greatest difference in fact is not in organizing principle, but expressly in the fact that the British are both moderate and disposed to temporize in seeking their objectives. Moreover, they have been forced to play their hand from weakness, utilizing armed power as only incidental to economic and conspiratorial power, whereas the Germans felt themselves

able to operate by the use of pure force alone.

The difference in view between domestic theory and the same theory encountered abroad may be seen in the British quarrel with Iran, one of the countries supposed to be most immediately threatened by Soviet aggression. I hold no brief for the Iranians as against the British, but it seems written on the face of the matter that the Iranians have as much right to nationalize oil as the British have to nationalize coal and other national assets. As for the question of expropriating foreign holdings, the British have never hesitated on this score, though they have been more subtle and more civilized in the means they have utilized. Certainly the arbitrary freezing of funds comes exactly to the same thing, and, as many an American businessman can testify, amounts to expropriation.

When it comes to a question of cold war, that is an old conspiratorial maneuver in which the British are as expert as anyone.

THE COLD WAR ON IRAN

In the cold war which Britain has made on Iran, in an effort to bring it to its knees, the Iranians discovered that they could get no one to sell or loan them the tankers necessary to transport their oil. Indeed, they found that British pressures exerted through our compliant State Department had intimidated other European countries, who in consequence refused permission for their nationals to enter Iran as experts to be employed for the handling of the giant refineries. Iranians found themselves virtually ostracized, no one daring to buy Iranian oil at any price. Of course, Russia could not buy it, for the pipelines all run the wrong way—that is, down to the sea. Apparently the Russians are in no hurry to intervene in this situation anyway, and would prefer to see Iran hurled into the chaos of bankruptcy.

When an enterprising Italian firm started to buy this oil, and even succeeded finally in bringing some of it to Italy, the pressures put on them from all directions were so great as literally to force them to desist. In Japan an oil tanker, the *Nisho Maru*, recently arrived at the port of Kawasaki, near Tokyo, with a shipment of 18,000 tons of Iranian crude, a shipment which the British Government had been unable to stop. Through the Anglo-Iranian Oil Co., the British Government appealed to the Japanese courts, demanding that the oil in the tanker *Nisho* be considered as stolen British property. This plea was refused by a Tokyo court, which allowed the Japanese importing company to distribute the Iranian oil which its tanker had brought in.

Despite all this, and without benefit of legal action, the Japanese Government suddenly announced that it was reversing the court's decision, and wished to refrain from supporting trade which could damage good relationships with foreign countries.

One can well imagine the intense nature of the pressures which had been exerted to bring about so amazing a declaration as this, and the quality of the con-

spiratorial action by which it is sought to ostracize Premier Mossadegh and to bankrupt his country. To this scheme our State Department obviously has been a party, though it would appear to fit in badly with our own stated preconceptions on the subject of foreign aid; that is, if handouts and subsidies are not forthcoming, poverty and near bankruptcy will throw these countries literally into the laps of the Communists.

If this outlook is true in Europe, why is it not true in Iran? If it forms the basis for our actions in one strategically situated country, why is it deliberately ignored in another strategically situated country? Would we tolerate such a punitive action against our neighbor Brazil, which is also nationalizing its oil resources? Would we consider such action an infringement of the Monroe Doctrine, or would we consider the prospective loss of British commercial profits as the important overriding consideration? There seems to me to be a lack of consistency here, and, frankly, I can make no sense of it.

"DISPOSSESSION IMMORAL?"

While I am on the subject of difference, I wish to read an advertisement published in the spring, 1953, issue of the British publication, *The Farmer*. The heading of the full-page statement is: "Dispossession Immoral?" The body type continues as follows:

The Farmers and Small Holders Association believes it is immoral to dispossess any man of his own property for any reason whatever without appeal to common law. The association has been formed specifically for the purpose of protecting the rights of the individual farmer or small holder who may as the law now stands be dispossessed of his home and means of livelihood by order of the Ministry of Agriculture with no judicial appeal. Details of many cases of ejection for reasons other than "inefficient farming" are in our files.

This association of farmers asked for members, for the purpose of helping "all those who are being dispossessed of their freeholds and tenancies by the Ministry of Agriculture," and "to restore in all such cases a right of appeal to our traditional courts of law." It is signed by the Farmers and Small Holders Association of 14 Manchester Square, London.

Such an ad in an American paper protesting the fact that the American Department of Agriculture was dispossessing owners and tenants from their land without recourse in law, because of alleged inefficient farming, or any other reason, would be incomprehensible.

Mr. President, imagine that happening to a farmer in California, North Dakota, New Jersey, or anywhere else in the United States, simply because the Department of Agriculture said he was not farming efficiently.

In the fact that such an ad as this could appear as a matter of course in a standard British publication, is written the very large difference between the American and British systems and outlook on life. Indeed, the American system is unique in the world, with the exception of that of its neighbor Canada, though many of our neighbors to the Spanish south are endeavoring to emulate it. To compare our system and our

situation with others, and to group all into the same category as being coequal, equating Luxembourg with the United States, Portugal, and Yugoslavia with Italy and France, is an absurdity of the first order. To formulate a policy on such a total misconception is to incorporate into our state dealings the logic of bedlam. It is to restate in new terms the false syllogism: an eagle is a bird; a sparrow is a bird; they are both birds; therefore a sparrow is an eagle.

NO ONE SHOOTS SANTA CLAUS

If we incorporate into our estimate the calculated double-dealing, duplicity and fundamental self-seeking of these countries, the conclusion is appalling. It is simply this: If we have any friends among these states, it is not because of a determined identification of their interests and policies with ours, but only because no one ever shoots Santa Claus.

Since the first duty of the United States and of those who lead it is the physical security of the country and its citizens, it is well for us to look at the record, for here is a springboard by which we may judge our future international course.

The change in outlook on the part of those charged with the formulation of American public policy proceeded in progressive steps. It was not the sudden outgrowth of what the Germans call a new Weltanschauung, or new world view, as opposed to an alleged old isolationist view. On the contrary, there has occurred no broadening in the National outlook, but rather the development of an essentially neurotic concentration on what has been called the manifest destiny of this country. The thinking has been described by the devastating term, do-goodism, and the prophets themselves as do-gooders. These are facile but feeble words which hardly describe the real situation, which is much more complex than this. At a later point in this discussion I shall endeavor to analyze this phenomenon in an effort to account for it. At the moment let us simply examine the record itself.

OUR GIVEAWAY PROGRAM

The giveaway program properly starts with the battleships which were given away by the Executive of the United States, without the approval of Congress or the people, to the British Empire. The Empire of course was in crisis and was fighting a terrible enemy whom most Americans looked on as cruel and vicious in the extreme. On this emotional basis the action might be understood, but it was followed by a series of others in kind in which the relationship of the United States and Great Britain became one in which the tail began to wag the dog. We put up the money, the men, the knowhow, and the wherewithal, and the British provided the direction. This remarkable situation, too, I intend to examine in more detail later. There followed lend-lease, to which I make no further reference here. After that came the all-but-forgotten UNRRA program.

UNRRA was the beginning of a National giveaway program by which in scarcely more than half a decade we have handed to foreign nations in gifts,

loans, and subsidies a total of more than \$70 billion—more than the total assessed valuation of New Jersey, New Mexico, Iowa, Colorado, Oregon, Kansas, and Dakota. Some day—and I do not think the time is far distant—the people will wonder what in heaven's name their Congress was doing.

What I seek to point out now is the essentially fraudulent representations made on behalf of each of these increasingly astronomical demands placed on the American Treasury. It will be noted that I refer to these representations as offered at the time by the United States Government to the Congress as essentially fraudulent.

The record shows that that is so. It is a record I wish to point up in sequence, directly from the mouths of the responsible Government representatives.

Aside from spending a very large sum the real net result involved the financing of the then-loyal Communist Tito, and the jettisoning of our loyal wartime comrade, Mikhailovitch, in Yugoslavia.

FIRST THERE WAS UNRRA

The one thing which should be mentioned in respect to UNRRA is that it was definitely understood by the Congress and by the American people that UNRRA represented the last of the major demands which would be made on the United States. Senator after Senator made that statement on this floor. However, there followed soon after, the Bretton Woods banking agreements, which were sold to the American people amidst great fanfare, publicity, and tub-thumping. The American people and the Congress were informed that by financing a world bank the economic ills of our European friends would be cured for all time. Their currencies would be made convertible, all barriers to trade would disappear, and in particular there would result a great expansion of our exports, both agricultural and industrial. If any Senator has any doubt about it, let him go back and read the debates.

Dean Acheson, then Assistant Secretary of State, informed the Congress that the Bretton Woods proposals presented the country with a chance to avoid the disaster of economic warfare and of shrinking international trade "by acting in common with the other nations in the world to put aside the implements of economic warfare and make possible an expansion of production and consumption in trade." Franklin Delano Roosevelt referred to the Bretton Woods Agreement as constituting "our hope for a secure and fruitful world, a world in which plain people in all countries can work at tasks which they do well, exchange in peace the products of their labor, and work out their several destinies in security and peace."

By these messages, and by all the force of propaganda wielded by big government, we were allowed to believe that this financing would constitute the last large-scale demand for help to be made upon the American people. It was so stated time and time again on this floor.

When this expedient collapsed, its inadequacies were glossed over in turn. Then we were told that it was necessary to make loans direct to certain favored

states. Specifically in relation to the British loan, we were informed by the administration that these moneys would rescue the British from their economic dilemma, that they would be used to reconstruct Britain's antiquated productive plant so that she once more could become competitive on world markets, and in particular would cause the pound sterling to become convertible. The American people once again were promised a greatly expanded export trade.

Secretary of the Treasury Vinson told the Senate Banking and Currency Committee on March 6, 1946, that "the credit to England is in no way a precedent for other loans. Its particular purpose from the American point of view is to free a major segment of the world's trade from the currency and trade restrictions by which it is now shackled." The then Secretary of Commerce, Henry Wallace told the Senate Banking and Currency Committee on March 12, 1946, that the British loan "will aid the revival of world trade and prosperity which is necessary to heal the economic wounds of war and insure the preservation of peace." In similar vein Senator Barkley stated, on April 17, 1946, that "we are making this loan to Great Britain because it will enable nations to trade all over the world, instead of in restricted areas; because it will give an outlet to our products of farm and factory, and employment to American working people."

THEN THE MARSHALL PLAN

We all know what occurred—exactly the opposite of what was claimed.

Then came the much-vaunted Marshall plan, which it has been reliably reported should rather be called the Bevin plan, since it originated with that redoubtable and tough British Socialist Foreign Minister. Again we were told on behalf of this new spending orgy that the trouble with the world was that Europe's industrial capacity had been destroyed by war, and that it was necessary to rebuild it in order to place the European peoples on a decent standard of living and keep the continent from embracing communism.

Once more the expected failed to occur.

Instead of settling the economic affairs of the world and allowing for a climate in which mutual trade would flow freely, the opposite happened. Trade was further constricted, and the principal nations of Europe set up the same claim as before: that they were facing an even greater economic dislocation than the one which applied before the Marshall loan went into effect. Now it was discovered that the dislocation, instead of coming from too little industry, was coming from too much industry. Even little Greece was at 168 percent of the prewar 1938 level, and the average for all of Europe at the end of 1952 was 140 percent of the 1938 prewar industrial production level, and steadily going up.

THE MARSHALL PLAN BACKFIRES

Europe was now in the position of the United States in 1929 when it was over-producing in terms of the markets available to it. Forthrightly, Europeans be-

gan to point out that they were going broke for want of markets, and that they had no intention of doing so gracefully. Instead of the Marshall plan acting to enlarge American export markets, as had been promised by American officials when the plan was put into effect, American exports began to collapse under European competition. In America's own backyard of Latin America and the Caribbean, European producers with their low-cost labor rate, special tax exemptions and state subsidies have begun to undersell American exporters by as much as 50 percent.

Contrary to all predictions, though the dollar gap of these countries has steadily shrunk, our nondefense exports are as steadily nose diving, and in 1953 are expected to be more than 25 percent below the 1952 level.

What is even more painful, European makers of capital goods are, in some incomprehensible manner, able to displace us in Latin American markets by offering much more liberal payment terms than American exporters can afford.

It, of course, is true that once American production is forced off the market, action will be taken by state controlled foreign operators to raise the price sky-high, as happened with Malayan rubber and tin, which more than quadrupled in price directly after the onset of the Korean war.

DROP IN AMERICAN EXPORTS

There are ominous signs for the future; including a drop of American cotton exports by more than 50 percent in a year. How, it may be asked, can the individual American producer of cotton compete with the state-controlled Egyptian cotton which, in turn, despite the tensions over Suez, is controlled by the Bank of England.

Let us consider as another example the current sales value of American liberty ships. Owners of American Liberties who have been attempting to sell them during the past months, have been offering these ships at \$475,000, with no takers. Foreign sellers of Liberty ships, however, are able to realize as much as \$800,000, in terms of the pound sterling. An article by Jacques Nevard in the April 28th issue of the New York Journal of Commerce, states that "this spread represents the difference in potential earnings of these vessels under the two types of operation." One with its high wage and maintenance bills, and the other with low wage and cost of upkeep. Thus, the high initial cost is more than offset by lower operating expenses.

I have heard it declared and I can readily conceive the possibility, that in furnishing the money and instigation to expand the industries of European countries, we have increased the likelihood that they will refuse to link themselves with our international trade policies, and have actually increased the possibility that they will act as suppliers of manufactured materials to the Soviet Union and its satellites. European governments have already openly begun to argue that their basic requirements involve an abandonment of collaboration with American policy, to allow these

countries to deal with the Soviet Union and its satellites in terms of machinery and strategic materials and whatever else is desired, in a full expansion of so-called East-West trade.

Mr. President, could the distinguished minority leader tell me whether he intends to move that the Senate adjourn? I should like to ask unanimous consent to conclude by remarks tomorrow morning.

Mr. JOHNSON of Texas. I do not have that authority. I discussed the matter with the acting majority leader earlier in the day, and it is my understanding that he plans to ask the Senate to stay in session until at least the conclusion of the remarks of the Senator from North Dakota and perhaps of one or two other Senators.

The PRESIDING OFFICER. That is the understanding of the Chair.

Mr. JOHNSON of Texas. I should like to accommodate the distinguished Senator from North Dakota if I could.

Mr. LANGER. I understand. The distinguished minority leader is always accommodating to the Senator from North Dakota.

Mr. President, the aspect of the situation to which I have just referred I shall consider at greater length later, but it may be taken as axiomatic that the Soviets have not the slightest intention of offering any dealings to the West except in terms of their all-over strategic requirements. They wish to return to the days when the British, the French and others gave them exactly what they wanted in the way of machinery, materials and strategic goods of all kinds.

THE HUNGRY RED MARKETS

The Soviet bloc provides an attractive and hungry market for Europe's mounting surplus of manufactures, which otherwise must be considered in terms of the historic European market as ruinous over-production.

Europeans now are also demanding the right to flood American domestic markets with cheaply produced European goods. The much promised convertibility of sterling and other currencies, and the elimination of the other carefully calculated barriers to American trade, are as far away as ever; but the invasion of America's domestic market by foreign competitors is a hard and painful fact—a matter I shall also return to later.

At this point I turn to a matter which has been much in the news and which is of a piece with the entire pattern of unrealistic and illogical actions to which I have referred.

I am delighted to be able to shove this down the throats of those who only a few short months ago were condemning as unpatriotic anyone who dared to vote against any of these foreign loans and other foreign activities of the United States. A newspaper published in the city of Washington in a front-page editorial dedicated itself to the defeat of any Senator who would dare to vote against the United Nations.

This is the case of the unsuccessful British bid on power generators and

transformers for the Chief Joseph Dam project at Brewster, Wash.

To see this case in its full light it is necessary to keep in mind the sterling bloc restrictions on American trade, the freezing of American funds in Britain, the cartelized and state-subsidized exports, the tax exemptions and multiple rates of exchange, and the whole iniquitous system of permits and restrictions which throttle American trade in British markets and confer absolute protection on domestic British industry, no matter how incompetent. Actually, not even such cheap and noncompetitive articles as American magazines—note this, Mr. President—can be sold freely in Britain or in the states of the Continent. Two essential conditions are required, neither of which is easily forthcoming. One is permission for the right of physical entry. The second is permission to withdraw money earned, in terms of American dollars.

BRITAIN WITHDRAWS FROM WHEAT PACT

Mr. President, the protests over the Chief Joseph Dam project must also be weighed in terms of the sudden British determination to pull out of the International Wheat Agreement because they think they could buy cheaper from the Russians and elsewhere.

Mr. President, how in heaven's name can any Senator who comes from a farming State possibly vote for the pending bill? It is entirely beyond my comprehension how any Senator from such a State could vote for the bill. The International Wheat Agreement will expire at the end of July. Representatives of 46 countries met to draw up a new agreement, which was prepared after many weeks of argument. Finally, representatives of 45 of the countries signed the new agreement. Which country refused to sign the amendment, Mr. President? Britain, alone, refused to sign. I say we should never, never, never vote to give Great Britain or the United Kingdom one dollar until the British sign that wheat agreement, along with the other 45 nations.

The other day in the Foreign Relations Committee we heard testimony on that subject. We heard from the experts—experts, Mr. President, not political demagogues. The vice president of General Mills, who has given his entire adult life to agriculture, and who was constantly in attendance during all the years when the International Wheat Agreement was formed, years ago, said he thought it was Britain's purpose to play one country against another, in an attempt to ruin the wheat farmers of the United States. The British want our wheat farmers to go back to the ruinous days of the drought, when in the State of Montana wheat farmers were getting 14 or 15 cents a bushel for their wheat, and wheat farmers in North Dakota were getting as little as 19 cents a bushel for their wheat. I myself sold some wheat at such a price at Casselton, N. Dak.

Evidently, the British are refusing to sign the new agreement because they hope to buy wheat at bargain prices. Forty-five other countries have agreed to sign the new agreement; Britain alone

refuses to sign. The British say that under the new agreement the price of wheat will be too high. Actually, the maximum price under the agreement will be \$2.05 a bushel. The British evidently think that a price of \$2 would be all right, but that \$2.05 is too high. Because of the extra nickel, the British refuse to sign the agreement.

Mr. President, it is unthinkable that such action should be taken by a country to which we have given billions and billions of dollars, especially in view of the fact that the extra 5 cents a bushel in the price of wheat would cost the British roughly \$8,500,000, according to the testimony of the experts.

Mr. President, what do you believe the wheat farmers of the United States will think if the House of Representatives and the Senate vote to give billions of dollars to a country that is anxious to have the wheat farmers of the United States ruined? Evidently Britain refuses to sign the new International Wheat Agreement, although the 45 other countries have agreed to sign it, because Britain thinks she can buy wheat cheaper from Russia than from other countries.

This development has occurred at a time when whole mountains of wheat are piling up all over the United States; the wheat production is so great that there is not even storage space for the surplus. Even airplane hangars and old Liberty ships are being pressed into action for storage space. That is the situation at a time when the farm glut in wheat and in other agricultural products appears to make the imposition of acreage allotments and marketing controls an urgent necessity. That is the situation at a time when the assurances of the Marshall planners have so far evaporated that the exports of American farm products will be off a full third in 1952-53, from those of the preceding year of 1951-52. Wheat in particular will be off 158 million bushels, from the 475 million total of last year. Cotton is expected to drop by 40 percent. Textiles, oil, coal, tobacco, farm equipment, and other manufactured goods will show consistent declines. Instead of the European market opening up to us, it is jamming down tight; and Europeans are seeking, by every artifice and scheme their ingenuity can invent to exclude competing American goods from world markets. This subject is one about which I shall have more to say later.

Meanwhile, to return to the Chief Joseph Dam project and the question of the British bid, let me say that so much ado has been made on this score that it would almost appear that Defense Secretary Wilson and the Army have been guilty of an almost criminal action in refusing the British bid and in "opening up the matter for grabs again." That is what the British would like to make Secretary Wilson's action appear to be. The Washington Post, usually a sober newspaper—although there is some question about that—recites with blazing editorial indignation that—

During the campaign and in his state of the Union message the President was elo-

quent about the need to increase foreign trade.

But now has gone back on his pledge.

The natural query is, whose foreign trade? Certainly, it would seem that since General Eisenhower is President of the United States, it should be our foreign trade that he should be primarily concerned with. In this case, however, the object of concern seems to be the foreign trade of Great Britain, a foreign state which already discriminates against American exports by every artifice economic nationalism can originate.

This entire question arose over a low British bid made for the manufacture of power generators for the vitally important Chief Joseph Dam project. This bid was 11.2 percent lower than the lowest American bid. Among other factors, however, the bid of the British company involved specifications which would include 25 percent less copper and 20 percent less electrical sheet. It must have also occurred to Mr. Wilson that during wartime there would be grave questions connected with servicing this equipment, a point every American owner of a foreign-made automobile will readily understand.

THE BUY-AMERICAN ACT

But more important still in the mind of the Secretary was the question of the legal right of the Army to accept this foreign bid under the circumstances. At this point the matter became one which concerned the fundamental will and intention of the Congress.

In 1933 Congress passed the Buy American Act, by which military procurement officers were required to favor domestic materials and manufactures unless the cost was unreasonable. Obviously the intention was not only to protect our industry from low-cost competition, based on the depressed living standards of other countries, but also to insure the extent of the supporting industrial base in case of war.

Application of the act developed the principle that any foreign bid must be at least 25 percent less than the lowest domestic bid in order to obtain a United States Government order.

As a matter of furthering the policy predicated on the notion that the industrial well-being of Europe is a first line of American defense, the Truman administration vacated this provision last year, and thus repudiated the express will of the Congress.

THE BRITISH PROTEST

The cry of wounded indignation which went up when the British bid was rejected can be understood in its true perspective only if one were to imagine British amazement if the situation were reversed and if it were American manufacturers who were hysterically accusing the British Government because it would not accept an American bid on a domestic British project. I think it fair to remark that the British would consider that we had gone mad. But in our country it was possible for Drew Pearson to write:

The British Board of Trade has been raising such a howl over squeezing out the British bid, that United States Ambassador

Winthrop Aldrich has warned that British firms probably won't bid again and may stop doing business entirely with the United States.

Imagine, Mr. President, the implicit threat in this remark, coming through the medium of one of our responsible representatives, that the British, who are already on a one-way street of advantage in their relations with our country, will not like us any more because we did not accept their bid on power generators for the St. Joseph Dam, and that they intend to ostracize us completely so far as any advantage of doing business with them is concerned!

We read that Sir Andrew McFadyen, vice president of the British Liberal Party, accuses President Eisenhower in a public address of double-dealing, referring to the "great gulf" between his "words and deeds", and alleging that the only specific treatment Eisenhower has for establishing a proper balance between the dollar and Sterling is "repeated doses of eyewash." He refers to the British as "suckers", and does not hesitate to describe our Army's rejection of the British bid as coming within the realm of "sharp commercial practice."

(At this point Mr. LANGER yielded the floor for the day.)

Tuesday, June 30, 1953

Mr. LANGER. Mr. President, I ask unanimous consent to have printed in the body of the RECORD at this point, as a part of my remarks, excerpts from an article entitled "All Those Billions Abroad, But United States Still Uncertain About What It's Getting." The article appeared in the May 15, 1953, issue, of the U. S. News & World Report. I wish to have printed at this point in the RECORD the part of the article appearing at the bottom of page 27, showing the amount of foreign aid extended by the United States to various other countries, together with the statement that "6 billions more for new foreign aid is being asked."

There being no objection, the excerpt from the article was ordered to be printed in the RECORD, as follows:

*Thirty-nine billion dollars in foreign aid—
who got it?*

To Western Europe.....	\$29,000,000,000
To Russia and Eastern Europe.....	1,000,000,000
To Asia and Pacific areas....	7,000,000,000
To Middle East.....	350,000,000
To Latin America.....	670,000,000
To United Nations, Red Cross, refugees, etc.....	1,000,000,000
Here's where the money went in Europe:	
Britain.....	\$8,100,000,000
France.....	6,200,000,000
Western Germany.....	3,700,000,000
Italy.....	3,100,000,000
Greece.....	1,900,000,000
Netherlands.....	1,300,000,000
Austria.....	973,000,000
Belgium.....	741,000,000
Turkey.....	574,000,000
Yugoslavia.....	534,000,000
Norway.....	286,000,000
Denmark.....	277,000,000
Other.....	1,200,000,000
Here's where the money went in Asia:	
Japan.....	\$2,100,000,000
China and Formosa.....	2,000,000,000
Philippines.....	1,000,000,000
Korea.....	1,000,000,000

India.....	\$217,000,000
Indonesia.....	39,000,000
Indochina.....	37,000,000
Other.....	400,000,000

And now \$6 billion more for new foreign aid is being asked.

AMERICAN POLICY CONDEMNED

Mr. LANGER. Mr. President, it seems to me that these foreigners have sucked at the teats of the American cow for so long that they take it as their natural right. They are incensed and indignant if anyone suggests that a quid pro quo may be in order, that our people are entitled to compensation for value received. We find the London Times under date of April 22, 1953, referring sonorously to the Chief Joseph Dam incident "as a shock to this country and to others," and remarking that—

There is deep disappointment at the United States failure to live up to the "good creditor policy" which she must follow if the dollar and nondollar world are to live in freedom and harmony together. American policy is now being put to the test in the eyes of the world.

As a North Dakota lawyer and farmer, the very boldness of this kind of hokum literally floors me. Need I remind you again, Mr. President, that it is the British themselves who prevent the pound sterling from being freely convertible on the markets of the world so as to establish reasonable parity with the American dollar. It is the British who exclude American business from British markets except under the most severe restrictions and who freeze our money so that it cannot be taken out of their country, even if earned. Yet here they are in the remarkable position of accusing the United States of responsibility for pound sterling nonconvertibility and for an alleged economic nationalism.

When I see this sort of thing, I sometimes wonder whether everyone has not gone stark crazy, and whether our publicists and public officials have not taken off to never-never land. In the case of Canada, which has a most limited capacity for the construction of heavy equipment, nevertheless its Government has often refused the low bids of foreign concerns. The U. S. News & World Report, in its issue of June 5, states that—

A large Italian construction firm recently found its low bid for navigation locks rejected by Ottawa. And a low bid to put British engines on Canadian Government ferries was also turned down in favor of a Canadian company.

In its relations with the mother country, Canada gives nothing away. Mr. President, I repeat that Canada takes care of Canada. Canada does not even figure in the fiscal policies of the mother country as a member of the sterling bloc. If Canada sends anything to England, England is expected to pay in hard cash; and Canada maintains no such program, even in relation to the mother country and the other segments of the empire, as that covered in our giveaway or mutual-aid setup. Yet in connection with the Chief Joseph Dam incident, Canadians joined the howling pack.

Is not this, Mr. President, a modern illustration of the scene in Oliver Twist where the two young thieves who had

stolen the watch from the innocent bystander, chased after Oliver, in the forefront of the crowd, yelling at the top of their voices, "Stop, thief."

BRITISH CONFUSION

Is it not also amazing to see Mr. John Foster Dulles and Mr. Harold Stassen indignantly arguing as counsel on behalf of the British manufacturer, and joining wholeheartedly in the cry which branded Secretary Wilson as a reprehensible economic nationalist, set on defeating the purposes of the free world?

Surveyed in this context, who can blame the British for being confused? Suddenly and unaccountably the cow refuses to be milked. So we find Mr. Paul Gore-Booth, Director-General of British Information Services in the United States, complaining that "we (the British) have been exhorted a great deal to be more enterprising, to use more aggressive salesmanship, and to penetrate the United States market with goods," and suggesting morosely that having gotten the British to do these things, we have run out on them. Now outside of the very important question of why the British need a "Director-General of British Information Services" in this country, an intelligence and public relations operation suggesting a massive intervention within our internal affairs, why should our public officials be in the publicly acknowledged position of urging foreign producers to "penetrate the American market?" I ask, what kind of officials do we have? This seems to me to involve a plain breach of duty, and a trespass upon the rights of the American worker, farmer and businessman who have put these people in office and who are now paying their salaries. Why do they want to urge the Britishers to come to the United States to interfere with our market?

No one bothers to make mention of the fact that of 16 recent heavy power equipment projects on which there were both United States and foreign bids in 1952, foreign firms were awarded 6, representing a full 42 percent of the total amount of money involved.

Two other projects are now pending which represent a full 10 percent of American annual manufacturing capacity for waterwheel generators. According to Mr. Gwilym A. Price, president of Westinghouse Electric Corp., "The loss of these orders can mean more than a month's shutdown of all United States facilities in this field." Where do we find our United States public officials protecting American labor and American manufacturers, while they are crying out for the British to come on in?

The inference is allowed to exist that, even though our material interests may be affected, we are bound somehow by the so-called Reciprocal Trade Act, on the basis of which foreign nations have made certain offsetting commitments, and that the good faith involved may not in honor be disturbed.

This is, of course, rubbish. My friend, the junior Senator from Colorado, has consistently pointed out that there is no such thing as a Reciprocal Trade Act. This is simply a name by which has been fastened onto the 1934 Trade Agreements

Act by Government agents for their own purposes. The words "reciprocal trade" do not even occur in that document. Certainly the terms "mutual aid" and "reciprocal trade" are ordinary tricks of verbiage, for the trade is not reciprocal nor is the aid mutual. The best illustration is the fact that, of 46 countries, the United Kingdom alone refused to sign the International Wheat Agreement. Where is the mutuality? It is only a weird and unexplainable policy of wastrelism and following after foreign goods, which has been pursued in one guise or another by the American State Department, whether under Mr. Acheson or Mr. Dulles.

INTERPRETATION OF ACT

When under all of the conditions of which I have reminded Senators, we hear that the President of the United States has succeeded in exacting from the House Ways and Means Committee a 1-year extension of the act, which authorizes him to cut tariffs in reciprocal trade agreements, it is useful to determine what sources this stream of demanded authority springs from. Quoting directly from the United States Tariff Commission's booklet on the operation of the trade agreements program, the President of the United States on March 2, 1934, asked for the authority to make such trade agreements as "part of an emergency program necessitated by the economic crises through which we are passing," and "as an essential step in the program of national economic recovery which the Congress has elaborated." He stated that the exercise of this authority "must be carefully weighed in the light of the latest information, so as to give assurance that no sound and important American interest will be injuriously disturbed" for "the adjustment of our foreign trade relations must rest on the premise of undertaking to benefit and not to injure such interests."

No one can misunderstand this language. It is crystal clear that the intention is not to give priority to the commerce of other countries, not to rescue someone from communism, but only to aid American production and trade. This I regard as a proper function of government in the United States. It was the authority with which the Congress of the United States invested the President.

This original act was to expire on June 12, 1937, but Congress extended it for 2 successive 3-year periods, first in 1937, again in 1940. Later, in 1943 and 1945, the act was twice again extended with several amendments. The amendments gave to the President authority that should have been retained by the Congress.

EXTENSION OF ACT

These amendments handed authority to the President which should have been retained by the Congress itself, for the President does not make the law in this country, he merely administers and executes it. The most important of these amendments, that of 1945, authorizes the President to reduce the tariff by as much as 50 percent from the rates effective

January 1 of that year. This would bring about a reduction of as much as 75 percent from the rates in effect under the Tariff Act of 1930, or under subsequent legislation. I ask former President Hoover, why are all the mines closed? Why are the mercury, antimony, and tungsten mines all closed? Why are those metals being imported from Portugal and Spain?

In 1948 the act was once more extended. Now the demand is made for renewed extension which, in effect, would limit the primary authority of the Congress and give the State Department the right to become the Government of the United States, vastly exceeding any function the founding fathers of our Republic visualized for that bureaucratic body.

It is true that the Trade Agreements Act of 1934 prescribes that before concluding any trade agreements the President "shall seek information and advice with respect thereto from the United States Tariff Commission, the Departments of State, Agriculture, and Commerce, and from such other sources as he may deem appropriate." There is also a Committee on Trade Agreements which is supposed to act in this regard, supplying the President with required information and advice.

In practice almost total authority is delegated to the President, and since the chief executives of the designated departments are all appointed by him, it may be freely believed that this conditioning clause is of little value and bearing. What has bearing is the advice of the present Secretary of State, who apparently is responsible for the theories and policies under which this administration is continuing in all its major outlines the exact policies previously formulated by its predecessor.

There is no difference, so far, between the Truman administration and the Eisenhower administration.

MARSHALL PLAN MISCONCEPTION

Even in regard to the question of the growth of Communist and Fascist doctrine in the various countries, the arguments offered on behalf of the Marshall plan proved sadly in error. In France where both businessmen and peasants will promptly vote out of power any government which seeks to collect taxes sufficient to carry out the business of the state, where income taxes are simply ignored by the rich, where subsidies are demanded and received by wine growers and other organized groups, and where everyone joins together to resist any cut in welfare spending, the attitude is that Uncle Sam should be allowed to carry the burden of the country's economy.

The French have taken almost a negative attitude toward government, with an average administration remaining in power no more than 5 months. A rich agricultural country, the French import more foodstuffs by twice than they export. It is probably true that the French budget receives a larger money contribution from United States sources, direct and indirect, than it does from its own domestic revenue systems. Yet despite the Marshall plan, offshore procurement, vast United States Army and other

expenditures, every fourth Frenchman goes to the polls and votes Communist.

I wish, Mr. President, that I could get that into the hearts and minds of all the people of the United States of America.

This must mean an infiltration of Communists everywhere in the Nation's economy—social, industrial, and military. There is also a large Fascist group, who are nothing but left-handed Communists, and large groups of Marxian near-Communists, people who wish to attain the same goals but to do it without the use of bombs and unlimited violence.

MARSHALL PLAN AND COMMUNISM

The many billions poured into France at the expense of the American taxpayer has not bettered this situation. The Communist Party is still France's largest political party, and the business of the country is still "snafued" and despoiled by the same doctrinaire groups, operated by the same venal, cynical men, whose private ambitions provide almost the sole principle by which their actions are measured.

In Italy there is a similar refutation of Marshall-plan theories.

The country has made a remarkable industrial recovery, some 43 percent above prewar levels, but despite this and American billions there has been a steady growth of both left and right parties and a heavy loss of strength by those political parties committed to social doctrines similar to our own.

Wherever the growth of communism has been stemmed in Italy, it may reliably be stated that this result had little to do with our system of handouts, and more to do with the intervention of outside forces, like those in some churches. In Italy where the existence of some 60 parties splits the electorate into many small political fragments, the Communist Party controls over 37 percent of the vote and comes within an eyelash of being the largest party in the country.

Ironically enough for the Marshall plan myth, in the heavily industrialized Italian north where there exists a comparatively high standard of living, we find the Communist strongholds. In these provinces where the average Italian per capita income is the highest, in the provincial elections of 1951-52 the Reds received 52 percent of the total vote. That is where the Marshall plan has been used the most. In Sicily and the toe of Italy where unemployment is endemic, where misery, hunger, and poverty are very real and very pressing, and where the per capita income is only half of what it is in the prosperous industrial north, the Communist strength as indicated by the last provincial elections, averaged around 37 percent.

EUROPE AND COMMUNISM

Moreover, in Italy the country which was to have been the most prominently affected by the great American Marshall plan subsidy, there has been an equally disconcerting growth of equally anti-American Right-Wing Parties, with democratic coalition groups steadily collapsing into a vacuum. Now, in the elections which have just ended, both Communists and the Neo-Fascists made

large gains. The 4 parties of the democratic coalition dropped from a total of 63 to 49.8 percent of the vote. The Communist block increased from 31 to 37.2 percent of the vote, and the equally violently anti-American Monarcho-Fascists from 3 to 12 percent.

This may be a great success as the advocates of the Marshall plan and of the spend-and-spend philosophy insist—but if it is, then it may be said that another such success will ruin us altogether.

It seems perfectly obvious by the very nature of the demands now made upon us, that the massive increase in Europe's industrial capacity for which we ourselves have been responsible, has in no way solved the problem. The Europeans assert themselves unable to rearm unless Uncle Sam pays the cost. If the cost of our Armed Forces stationed in Europe is added to the figure of direct aid, the United States is putting up more money for the defense of Europe than is Europe itself. I challenge the opposition to prove the contrary.

Europeans continue to threaten us with the menace of communism unless we vacate our historic policy and turn over our domestic market to them.

A few years ago a little country in South America said, "If we do not get \$5 million, we are going Communist." When the money was given they said, "We want \$5 million more." A short time later they wanted \$5 million more. We poured out the money to them practically every time they requested it.

The Europeans demand that we placate the Chinese Reds and settle with this fourth-rate extension of Soviet power as if the government of Mao Tse Tung, indeed, had been the victor, and as if the blood of our 135,000 casualties and the untold billions we have spent in the prosecution of this war had no meaning at all.

EUROPEAN MILITARY SERVICE

With one single exception, none of the European countries even maintains a period of military service comparable to the 24 months which each able-bodied American boy is compelled to spend in the American Army.

Why should our American boys be drafted for 24 months when no other country is doing such a thing with its young men?

Though we send our draftees to Korea without hesitation, the French, far from standing at our side there, will not even send their own drafted men to Indochina where France's stake in maintaining its imperial hold is large.

Mind you, these are nations which are immediately menaced, if any Soviet threat exists at all, yet no one seems to grow very excited over it. Norway, which is directly on the firing line, requires only 12 months of service in its citizens' army. The others for the most part demand 18 months, and even little Belgium, which now has a 20-month period, appears to be on the verge of reducing it.

They take our boys and they take our money. That has been the policy of the Democratic Party, which we thought was

reversed at the last election, but under the present administration the situation is just as bad if not worse than it was under the administration which was repudiated at the last election.

If the truth be known, we have not even earned the good will of the European states, for it is the considered opinion of competent observers that somehow they seem to have managed to build up an active dislike for us. It is we, and not the Russians, who are looked on as being trigger happy. We are considered pompous, reactionary, crude, and selfishly rich.

COMMUNISM AND LIVING STANDARDS

I submit that this doctrine of groveling before the threat of communism everywhere is a false doctrine. If there is an absolute relation between communism and the standards of industrial production of other countries, making it necessary to intervene on behalf of the living standards of their peoples, in short, to be blackmailed into subsidizing them under threat of the alternative of communism, then, indeed, we are in serious trouble in our own hemisphere. The standard of living of the Mexican peon certainly is far below that of the people of any of the north European countries, and perhaps of any European country. The standards of many of the sharecroppers and field workers of our own American South and West, are lower than those of the cities of Western Europe, where communism flourishes.

It may be said that the standard of living in such South American countries as Bolivia, important to us for tin, or Colombia and Haiti, important because of their strategic location in geographical space, is even lower. The poverty which grips these people is both tragic and undeniable. Yet none of this seems to have frightened those who demand that we share the wealth with Europe, forgetting all about our own hemisphere. They are not afraid that the logic of their arguments offers the possibility of communism in our own hemisphere and on our own continent.

POINT 4

Let us now consider that other expression of national profligacy which is known as point 4, and which runs parallel with the Marshall plan project. The point 4 program is fulsomely described in a publication, issued by the Government Printing Office under date of 1949, as deriving from actual American need. This, the guiding geniuses of our policy declared, demands an expansion in the productivity and purchasing power of the depressed countries. The expected and prophesied result was the expansion of our own foreign trade, both in respect to industrial and agricultural products. That is what we were told. That is what President Truman said in his inaugural address.

To create a firm economic base for the development of these submerged peoples into good democrats and republicans it is deemed necessary to wet nurse them and their economies and to develop on their behalf an industrial structure. Our official statement warns:

Without such an economic base they (the submerged peoples) will be unable to meet the expectations which the modern world has aroused in their people.

America, of course, is asked to put up the money to make this doctrine good.

Here again the assumptions proved totally incorrect. All that came out of it for Uncle Sam was a headache.

Mr. President, how proud I am of my votes. I voted against the Marshall plan; I voted against the British loan; I voted against all give-away programs. I am just as right about the pending bill as I was when I voted against the United Nations Charter. As to the United Nations Charter, I said exactly what would happen, away back in 1945. I shall read one paragraph of my speech at that time:

I would be willing to vote for the appropriation of the last dollar in the United States Treasury, and the last dollar that we could borrow if, by spending that money, we could eliminate war, which we all abhor and hate. I would unhesitatingly vote for the Charter if I felt that it offered even the tiniest hope of a permanent peace. But, in spite of that, Mr. President, I feel from the bottom of my heart that the adoption of the Charter—and, make sure, we are going to implement it—will mean perpetuating war. I feel that it will mean the enslavement of millions of people from Poland to India, from Korea to Java, as well as people in many other places on this earth.

Mr. President, I feel that the adoption of the Charter will be one step more toward compulsory and military conscription, and all that which goes with war.

Mr. President, I was never more right in all my life. We have sent billions and billions of dollars to foreign countries, and now they have the intestinal fortitude to ask for \$6 billion more.

The United Kingdom is not even willing to pay a nickel a bushel more for wheat. She would not pay \$2.05. She would not sign the International Wheat Agreement. Forty-five other countries did, but not the United Kingdom. She would not pay a nickel more. She said she would pay \$2, but not \$2.05. The additional nickel would amount to \$8,500,000.

The distinguished Mr. Stevens, of General Mills, who testified before our committee, said he was completely satisfied that England intends to ruin the wheat farmers of the United States, if she possibly can, so that the United Kingdom can buy its grain at dumping prices. That is the kind of mutuality that has existed in the so-called misnamed mutual-aid program.

POINT 4 MISCONCEPTIONS

Let us see where the claims for point 4 floundered and why they were opposed to any possible favorable outcome. In the first place, practically all of the countries involved in point 4 are colonial possessions whose business is conducted at the point of guns held in the hands of European exploiters. The consistent purpose of these European masters has been to deindustrialize these lands rather than to industrialize them, to use them, in short as sources of raw material and as exclusively held markets for printed cottons and the usual low-grade exports which may be sold to underpriv-

ileged people. Special care at all times is taken to insure the native keeping his place and to prevent his developing ambitious ideas by which he would aspire to become master of his own affairs or to conduct as his own business the colonial possessions.

We have heard the theories of these men with respect to the \$6 billion gift. If we listened to them, the United States of America would still be a colony subject to England. Why should we spend \$600 million to keep the poor natives of Indochina subservient to France?

It should be noted that even if the money could be expended to make these countries economically independent of their exploiters and politically free in fact, this action would not redound to the benefit of the United States. It would steal still further markets from overindustrialized Europe and Japan, galvanizing their gaze even more hypnotically in the direction of the hungry Soviet East. These new industrial developments it may be assumed, would add to the already existing overproduction in cotton, wheat, tobacco, and other commodities. It would result in the erection of such light industries as weaving and small manufacture. The British would do their best to exclude these from the sterling bloc, and other overurbanized states would similarly seek to protect their own sovereign interests. The single big market which remained to be appeased would be that of Soviet Eurasia, to which, of course, these countries would turn.

Is it not a hopeless concentration on will-o'-the-wisps to see our welfare enmeshed in the ability of others to secure an equally high standard of living, or an equally secure welfare? During the entire existence of our Nation there have been depressed countries in the world. We have always had them. Our little island of prosperity has acted like a lodestone, as I have remarked to people from everywhere, attracted to it and to the principles which have brought it about. To make all of these peoples over into our image we would have to change not only their standards of living, but their standards of political and social organization, their relations with others, as for example the relation of colony and colonial oppressor. We would have to jump the great gap in education, moral grasp, and understanding, and would somehow have to confer upon them a public mind and tradition similar to our own.

I maintain that this is more than we can handle, and certainly it is more than anyone should rightfully demand of us. Nor do I think for a moment that Providence has committed into our unwary hand any such painful burden as this.

We do not need to look further than Iran, which British influence caused us to abandon in midstream; or India, with its 450 million people, which though a member of the United Nations, claimed to be neutral in the Korean struggle.

POINT 4 AND COLONIALISM

Let us take another example, Malaya, where we have implemented a sort of point 4 by synthesis. We deliberately directed our policy to the purchase of

strategic materials from that country on the score that Malaya is Britain's biggest dollar earner.

Just what is meant by that? Is little impoverished Malaya, whose natives run around in loin cloths and sandals, so flourishing as to be indispensable to the welfare of the British Empire? I submit that if the proceeds of the sale of Malayan resources are of such critical importance to the British economy, the British are not even acting the part of honest brokers and must be abstracting almost the whole take and putting almost nothing back. Also, then, if this economy is so flourishing as to be the most important earner of dollars for Great Britain and, indeed, for the entire sterling bloc mechanism, why is it that the country is in the ferment of revolt so that virtually the entire exportable British Army has been pinned down for years by Malayan guerrillas?

Are all those natives wrong? Whether we go to Africa, Malaya, or Indochina, are all those natives wrong when they fight England, France, and other countries which force their will upon them at the point of a gun? Why should the United States make enemies of all those natives? Why should the 450 million people of India regard the United States as their enemy and Russia as their friend?

Certainly it cannot be because a large enough price was not secured for Malayan commodities. In fact, we as the major purchaser, were thoroughly gouged, based on an appreciation of our self-apparent need. Rubber, which the day before the Korean war had sold at 28¼ cents, skyrocketed in 6 months to 86 cents. Where is the mutuality of aid, Mr. President? It is enough to make a man who loves his country sick at heart to call the bill we are debating a mutual-aid bill. As soon as it was learned that we needed rubber the price shot up from 28¼ cents a pound to 86 cents. This nice profit also may be noted in that other important Malayan export, tin. The price leaped in a matter of months from 76⅔ cents to \$1.84.

Can it be alleged that American exports to Malaya have benefited through this? Or even that there is any active good will for America and her purposes there?

POINT 4 HAS ALSO FAILED

There is nothing which could be accomplished by any point 4 activity anywhere which does not already exist in the unstinted flow of American dollars for the purchase of Malayan commodities. If it is alleged that these dollars were drained off by a foreign interloper, would not this same fact be true in the case of any of the point 4 countries? Are not all of them dominated by the self-interest of colonial states, or by the selfish particularisms of purchased or puppet rulers? Is not their business administered in fact by the cold-blooded bureaucracies of European states? Must not even such allegedly independent countries as Iraq, Ethiopia, and Thailand be considered as within the web of colonial domination? These are in point of fact no more free of Great Britain than Poland and Hungary are free of Russia.

History proves it. It is said that not even a garbage collection concession can be secured in Bagdad without the consent of the British resident, who is the real ruler of the country. The country itself is occupied by British airplanes and British troops, and if there is a tribal rebellion, it is they, and not the Iraqi Army, who put it down. In ostensibly free Jordan not only is there a British resident who is the true ruler rather than the youthful King, but the so-called Jordan Army is equipped with British uniforms, served with British munitions, and led by a British general known as Glubb Pasha.

Are we not justified in assuming then, that the bulk of the money which is poured into submerged or point-4 countries will actually find its way in one manner or another into the pockets of their colonial masters? To think to the contrary is the height of absurdity.

As for the allegation that the industrialization of these territories somehow manages to democratize them and increase the respect in which western Europeans are held, this is altogether an expression of the publicist's and propagandist's art. I need only point out the tragic case of Africa, into whose physical regeneration the British are diverting billions of dollars. We all know of the bloody Mau Mau killings there, which represent in effect, the result of a determined rebellion against the domination of the whites. A similarly explosive situation exists in potential all over Africa today. As in Malaya and other parts of southeast Asia, the Communists are having a field day. Communist infiltration goes along rapidly and successfully under the guise of local patriotism and of local rebellion against the foreign overlord.

MISCONCEPTIONS ON EXPORT TRADE

It may very well be remarked that the entire contention that somehow an affectionate regard for us is fostered by handouts, or that an extension of our own foreign trade is involved in the industrial growth of other countries because they are thereby enabled to buy more, is essentially untrue. It is similar to the distinguished occupant of the chair, the Senator from Arizona [Mr. GOLDWATER], giving a hobo in Arizona a \$5 bill and thinking that he gains the affection and regard of the hobo for doing so. I need refer only to the case of our great neighbor to the south, Brazil, which has undergone an enormous expansion of both its agricultural and industrial potential. This has involved the erection of major cities such as Sao Paulo in the south, referred to as the Chicago of Brazil, the opening up of whole territories to the plow, and the building of mills, plants, and factories of all kinds.

This great industrial expansion has brought into being problems of its own, just as it has brought such problems to the more highly industrialized states of Europe. As a net result, the tightest of import rules have been imposed upon the Brazilian economy. The Wall Street Journal quotes a big Rio de Janeiro steel importer as saying that to get "a steel-import license these days is about like

hitting a winning number on a lottery." Import curbs of every kind are sending imports from America down the toboggan. In 1952 these ran a monthly average of \$47 million.

Today, after all that prosperity has come to Brazil, with all the help we have given, they are now less than half of that amount. Now that they are strong and they have a second Chicago, they are less than half of that amount. The American International Harvester Co. estimates a drop in sales from 1952 of 67 percent for the current year. Other American companies estimate similar drops, differing from each other only in amount and proportion.

What does this mean? Only that the assumption of some direct relation between industrial expansion and American export sales, is theoretical nonsense, if not insanity.

Yet some Senators urge that we give the foreign countries \$6 billion more. They want us to take it out of the pockets of our taxpayers. They want to take it away from the women of America who are trying to run a household for their laboring husband, or from farmers or small-business men. Take it out. Take it out. Take it out.

In my State we made it a campaign issue. I only wish we could make it a campaign issue in every State at the next election.

Mr. President, think of it. The Westinghouse Co. and the International Harvester Co. tell us our trade has gone down in one case by two-thirds. Yet some people argue that the more industrialized these countries become the more they will buy from us.

At the same time we find England, 1 of 46 countries to the agreement, refusing to sign the International Wheat Agreement, hoping and hoping, as was testified to by Mr. Stevens—and he is not a radical—who has spent most of his adult life with General Mills in Minneapolis, saying that England is determined upon doing one thing, if they possibly can, and that is to ruin American agriculture. In Brazil is a perfect case in point—a country expanding industrially at probably the world's fastest rate, with the net result of an enforced decline of American exports there.

It seems to me self-evident on the record, that ever since we decided to abandon our historic policy of no entanglements with Europe, we have been involved in a continuous sequence of crises which are the heart of our present difficulties—both domestic and international.

THE SAVE-THE-WORLD MYTH

Mr. President, I come now to another matter, that of the save-the-world myth.

Oh, how often have I heard on the floor of the Senate the expression that the United States must live out its destiny, that we must save the world.

This preoccupation with the save-the-world myth has resulted in a foreign policy with almost a minimal record of success. There has been no failure on this colossal scale in the history of American diplomacy. It has not even served to gain for us the friendship of those who have been most favored by it,

a result which it seems to me also is inescapable, for one cannot buy friendship with handouts or by some unfathomable principle which allows us to give and give without seeking any measure of responsibility or any quid pro quo in return.

Mr. President, may we have order? Some Senators want very much to hear what I have to say.

The PRESIDING OFFICER (Mr. GOLDWATER in the chair). The Senate will be in order.

Mr. MAYBANK. Mr. President, will the Senator yield? I merely wish to tell him that we were concurring with him.

Mr. LANGER. I decline to yield.

The result, as always in history, again speaks for itself. The conclusion is unmistakable. In Korea where we have had scant military help, and where our associates in the United Nations have turned out to be major suppliers to our Chinese enemies, can it be doubted that even the mild restrictions we have been successful in imposing on these practices, are resented by our European friends, who are restive and annoyed over what they are pleased to consider an intrusion on their so-called right to trade where they please?

There is even talk of retaliation on the part of Europeans against what they neurotically imagine to be an injury to them by us, since we will not open our markets for a one-sided invasion by their products. It is stated, for example, in a Whaley Eaton Newsletter of May 5, that Britain "will submit alternative proposals on sterling trade at June's Commonwealth Conference at Strasbourg. The plan would link Europe and sterling by 'secondary preferences' against dollar goods. The present exclusions working against the American manufacturer would become even tighter, as presenting 'the only policy open if America refuses to play her part in closing the dollar gap'."

EUROPEAN STAKES IN OUR ECONOMY

Thus this dreary theme of double dealing, of one way action, if not of downright dishonesty, continues, with the United States not only the victim but the object of indignation wherein we are saddled with European failures of all kinds, and threatened with a return to the old days of "discriminatory bilateral deals."

These are, of course, meaningless words and empty threats, which cannot be implemented any more than they already have been. They have already done the worst they can do to us. All of these states are the recipients of tremendous benefits from us—monetary, trade, military, and otherwise, and have no intention of letting this beneficent situation be altered if they can prevent it. In fact most of this caterwauling—for caterwauling it is—may be assumed to be nothing but a bold effort to condition American public opinion favorably to European causes. There is reason to believe that the British, in particular, spend considerable sums of money in this direction, a condition I shall refer to a little later.

The extent of the European stake in our economy has become truly astronom-

ical; how fantastically large it is may be conveyed by reference to the total budget of the United States during the time when Calvin Coolidge was President, which came to only about \$3½ billion.

SEVENTY BILLIONS IN FOREIGN AID

Today the total of foreign aid directly given, and also in indirect subsidy paid for by the American taxpayer, is close to \$70 billion, if everything is considered. Billions are being spent on United States troops, bases, and facilities in Europe. In a very proper sense the troops, bases, and other facilities we maintain in Europe may be regarded as a sort of second tourist income source, shoring up shaky European fiscal systems. It is estimated that maintaining our troops and bases overseas, exclusive of Korea, comes to at least \$12½ billion a year.

At least \$3 billion has been spent on so-called offshore procurement, which may be looked upon as another design to defeat the will of the Congress, for it has been clearly intended that the manufacture of military equipment and material for American security purposes should be in the hands of American industry.

If more subtly contrived measures are considered, such as stockpiling and other arrangements geared to support European monetary systems, the total moves into unknown figures. Not more than 2 weeks ago the Mutual Security Administration paid \$60 million to the European Payments Union to settle French deficits in intra-European trade. This superspecial consideration has been extended to many others—Austria, Turkey, Greece—even to Iceland, while our own veterans suffer from a lack of appropriations for their welfare.

If lend-lease and other similar outlays are added, the total in aid to foreign countries must be well over \$115 billion, and the amount is climbing rapidly.

At a moment when even Great Britain and Canada are cutting and reducing nonwelfare expenses of every kind, Messrs. Eisenhower and Dulles are continuing the exact policy followed by Truman and Acheson. The difference between them is not even one of applied semantics. That is what the American people thought they were getting rid of as a result of the last election. However, today they find that situation worse than ever.

American foreign aid in 1954 is to be approximately \$5½ billion. Offshore procurement is to be at the annual rate of another billion. Various indirect aids, through gifts, subsidies, reinterpretation of customs and tariffs, and so forth, will bring the total to well over \$8 billion. In addition are the tremendous sums spent on American troops and bases abroad, which have the effect of an additional and unrestricted subsidy,

CEILING ON AMERICAN DEBT

This brings us to the question of the legal limitation which exists in respect to the American debt. Under present law, there is a ceiling of \$275 billion, which is the total of the debt which the Treasury Department may incur. At present rates of expenditure, this ceiling will be reached at the end of 1953. The already

existing debt in itself is a millstone around the necks of the American people. It cannot be wished or waved away, and will have to be paid for by untold generations of Americans who will be born enslaved to it.

Like every other measure intended to safeguard our welfare, this barrier to ruinous expenditure also will probably be set aside, but it is well to make the American people aware, and to warn them that in the end they will pay for it. Despite all the fancy talk and the high-flown words, when cold reality finally calls the hand, it will be their standard of living which will be reduced in order to bring our national books into balance again. The day of reckoning may be pushed off, but it may not be avoided.

Even in a country rich in basic resources, one is apt to forget that existing wealth and prosperity represent in large part the cumulative savings of men who created it by their unaided sweat, skill, and determination. By forgetting that the great national resource is always people and their will to exist in freedom and honor, one may see wealth as being independent of the energies which created it. Then it is always possible to parade specious conclusions, distorting the essential figures or reinterpreting them, so that they become miraculously responsive to the purposes of the men in power.

Mr. President, where are all the promises which were made in the last campaign?

The normal laws of cause and effect, however, may not be manipulated. They may only be obscured, for the power to repeal them is not given to men.

In view of the sobering facts of today, is it out of order to point to the attention of this great deliberative body that our national resources, although large, are not limitless? If they are to be squandered, it is only a matter of time before we scrape the bottom of the barrel. The question of their depletion hence is not one of academic concern, but one of immediacy, and one possessing very real and sobering possibilities.

THE HARD FACTS OF LIFE

Coming from a State where life may not be as complicated as it is elsewhere, and where men still reason simply, it is not necessary for me to point out to my constituents what happens when a farmer literally mines his soil, taking everything out and putting nothing back. Our President, who comes from the great corn-raising State of Kansas, undoubtedly must be aware of many tragic cases where fine cornland, blessed by the Lord with almost magic fertility, has been leached and mined by improvident and heedless owners until it has sunk to a submarginal status or has even been altogether abandoned as worthless to the plow.

These are the hard facts of life, and one has to be born with a silver spoon in his mouth to think differently. Those of us who have had to work hard in the American way, know the need for husbanding and conserving our resources. Experience has taught us that, above all,

no one individual, corporation, or nation can spend his assets and have them too.

UNITED STATES INVESTMENT ABROAD

Even on the moot question of United States investment abroad, now being so unaccountably promoted by the Eisenhower administration, as it had been by the Truman administration before it, it may safely be considered that this is another expression of American political meassianism. In a world where socialization, with its virtual expropriation of foreign investment, is a common occurrence, where capital is often treated as being an exploiting agency in itself, where invested as well as earned moneys are frozen and may not be taken out by the American investor, or where the foreign investor is treated as a dangerous interloper and is subjected to increasing taxation and limitations by law, the value of expanded foreign investment should at least be considered doubtful. Yet we find virtually the entire Government of the United States, with its Treasury and Commerce Departments and related bureaus, encouraging promoting, and demanding that American money be diverted to the various countries whose welfare we are seeking to promote.

There is now approximately \$15 billion of United States investment abroad, and it is sought to raise this to \$25 billion, all without guaranties or acceptable assurance whatever from the recipient countries. The beneficiaries talk liberally of cooperation, but they refuse to abide by the rules of ordinary good conduct or even fair play. In support of this statement, witness Great Britain, the United Kingdom, refusing to sign the wheat agreement, although the other 45 countries of the 46 signed it. But England says it will not pay the other nickel. Mr. President, it only amounts to \$8.5 million. As I have said twice previously in this talk, we have the testimony of Mr. Stevens, vice president of General Mills of Minneapolis, to the effect that he attended all of the meetings in connection with the negotiation of the International Wheat Agreement, and he is satisfied that Great Britain is trying to buy the wheat at dumping prices, and that the wish of Great Britain is to buy wheat in the United States in order that the wheat industry may be ruined in this country; and if they ruin that industry, of course, it will mean ruin to the cotton industry and many other industries. Moreover, insofar as part of these moneys go to the so-called undeveloped or dependent countries, the peoples of such territories have every right to anger and apprehension in feeling that by thus funding and supporting European imperialism, the American Nation has made itself their appointed enemy.

Mr. President, who are our friends? Where are those in some of the countries who are going to get the money? Where were they when our boys were fighting and dying in Korea? Where are they now? Yet through this law it is being said, "Give them more money, give them more money." In one of our cemeteries in Europe the white crosses have not even yet been erected, the reason given

being that the fund for erecting the white crosses is now in the red, and that there is no money available with which to buy the white crosses.

Almost without exception all other nations discourage and even prevent altogether such investment outside their own fiscal control systems, and consider it an untenable drain on the national resource.

Everywhere we see the same disquieting picture of a mutual aid which operates only one way. I repeat, there is no mutuality in it. Certainly I can be forgiven if at times I think we fought the Revolution of 1776 for nothing and that the United States is still a colony in the true sense that a colony exists, functioning principally for the benefit of the Mother Country.

THE BRITISH CORONATION

Take the matter of the brilliantly publicized coronation of the new British queen. If one were a visitor from Mars he would be certain that this pretty little English girl was becoming the anointed ruler of the United States.

I dare say that this barbaric display of feudal pretension, with its shopworn aristocracy and now futile ermine-clad remnants of ancient tyranny, received more coverage in the American press, radio, and television than any other event in the history of the United States. Compared to this big circus display, the inauguration of President Eisenhower was a minor sideshow event.

When I consider the barbaric feudalism and ugly suppression of the rights of man this panoply of decayed power once represented, its display of weapons and moth-eaten ritual, its total unreality in terms of existing power, and its unworthiness as providing a measure for the aspirations, the dignity, and the hopes of the common man, I cannot help but feel that the original incorruptible fiber of our people has softened. For the gushing adulation with which we followed this event and exaggerated it out of all reasonable proportion, is an expression of two-bit snobbery and a true triumph of the most magnificent public relations job ever done on our people. Not even the Korean war was given such coverage, or the armistices which ended the last two great wars.

Has anyone any idea what all this costs, and what lies behind it? Certainly the vast expenditures involved cannot even be justified on the score that they represent the investiture of a new government in Britain, and thus takes on importance.

As Queen, Elizabeth is only a meaningless expression in pantomime. She is as unreal in terms of actual function as the armorial bearings, the antique garments and the sword-kissings which figured in the ceremonial itself. She has no authority of any kind, nor does she pretend to have.

She is only part of the trappings, of the pretense to imperial domination in a world which everywhere else has left this sort of thing far behind. Her principal job is running the four big royal palaces and keeping track of the six-hundred-and-twenty-five-odd servants,

cooks, lackeys, and others who comprise the household.

For this, Elizabeth and her family are granted an annual retainer by the Parliament of close to \$3 million, which indirectly the American taxpayer pays for. She pays no income tax, and I do not believe any rent.

May I point out that the President of the United States, the actual chief executive of a country with allegedly unlimited wealth, receives \$100,000 a year, with an additional \$50,000 for expenses incurred in the discharge of his official duties.

IT IS UNCLE SAM WHO PAYS

I do not know what, if anything, any of these people contribute in the way of services to the country, but let us look at a few other royal family items, all of which come out of the public trough. Elizabeth's mamma, the Queen Mother, receives \$196,000 a year; Elizabeth gets \$1,130,000 as a personal stipend; her consort, the Duke of Edinburgh, a sort of fifth wheel in this scheme, receives \$112,000; the Duke of Gloucester, Elizabeth's cousin, gets \$98,000; Elizabeth's sister, the Princess Margaret, does not do so well and must do with a mere \$16,800, as must the Princess Royal. The little boy, Prince Charles, receives one-ninth of the revenue from the Duchy of Cornwall and when he becomes of age gets the entire revenue.

If this were only a domestic British affair I would find it tolerably amusing and could discover no real reason for objecting; but since Britain has been represented to us over these years as virtually bankrupt and has been largely dependent upon huge subsidies extracted from the American taxpayer, it becomes automatically my business as well as that of all Americans.

So, also, the vast amounts spent on the coronation became of specific and peculiar interest to us. According to the New York Times of June 5, these may be conservatively estimated at \$6,440,000, or something like six and one-half times the amount ever spent in the most extravagant induction of an American President to office.

FOREIGN TOURIST RESTRICTIONS

In defense of these expenditures it will be alleged that they will bring back a profit to the British Exchequer, for they will attract in particular vast numbers of American tourists who will spend great sums of money. Here, too, I think there is a difference in treatment which is far from being either reciprocal or mutual. While all of this money is being drained out of the United States and poured into the British Treasury, the British themselves have formulated a set of airtight restrictions designed to prevent British tourists from coming to the United States and spending any money here at all. To discourage the act of traveling, except for the most necessary reasons, London has placed an arbitrary limitation on the amount which a Britisher traveling in the United States may spend. This comes to £45, or \$126, in the case of someone intending to visit a mother or other near relative; and £5, or \$14, to those intending to visit friends or distant rela-

tives. It will be noted that no provision is made for visiting our tourist attractions, hotel costs, or purchases of any kind. Those traveling commercially must first apply to the Bank of England for permission. Except in special cases, the ceiling here is £40 per person, or the equivalent of 112 American dollars.

France offers similar restrictions. As a result travel to the United States from these countries is practically at a standstill, a condition which applies not only to Great Britain but automatically to all the countries enmeshed in the sterling-bloc mechanism, and, of course, to other nations as well.

DULLES SAYS "SPEND MORE"

I notice in the Weekly Review, a summary of political and economic intelligence prepared in Britain and widely distributed in the United States to businessmen, political leaders, and others, the blunt declaration that—

Mr. Dulles is very strongly convinced that America should use her immense wealth to create a vast mutual trade area, embracing in particular all central and southern Africa, the entire British Commonwealth, and as much of the rest of the world as possible. Eisenhower agrees with him. So do a growing number of powerful commercial bodies which have been briefed with the military and economic facts by the administration.

If this be true, what a frightening and disastrous commentary it offers on the present floundering course of the American ship of state. It says that we are to be driven to the very edge of catastrophe, and that willy-nilly we are traveling the road decreed by Lenin when he declared that America would be brought to its knees by internal bankruptcy brought on by the unlimited squandering of its resources.

A DISSOLVING AMERICAN ECONOMY?

The Russians count on the fact that they will never have to fight a war against us. Just as they took China and the other satellite countries by a mixture of guile and force, aided by the moral collapse and impending bankruptcy of the victim states, so they calculate the biggest plum of them all, the United States of America, will fall into their hands by the dissolution of its own internal economy. This is an end which they are pursuing and promoting by every strategic effort at their command. Though we have been assured by our leaders over these many years that by this squandering of our assets we somehow are confounding the Kremlin, it may be that our action fits in very nicely with Russian policies and that instead of being resisted, it has been promoted by them. I do not know what other conclusion can be drawn from the fact that we have continually been stimulated into this course by Moscow. Whenever we seemed to be settling down into some sort of complacency, the Kremlin could be relied on to agitate some new segment of the world's economy, inflaming American nervousness again, and causing us to continue in the role of Uncle Sucker who is blackmailed from all corners of the globe on the score that communism threatens and that those threatened

will not resist unless we manage to buy them off.

This situation has gone to the point where it subverts any possible rational approach to our problems. It is not an exaggeration to say that it directly threatens the existence of the American people, who are truly standing alone in the world today, and who moreover are wrecking their own internal economy and their own defense mechanism in a terrible and unproductive effort to play the role of anointed men, appointed by Providence to lead humanity out of the morass in which they move, to follow our Mr. Dulles and his associates into the sacred precincts of the millennium.

This spirit permeates the entire administration, which is not a changeover but an inheritor from the previous administration.

BOWLES SAYS SPEND STILL MORE

Mr. Chester Bowles, who until recently was United States Ambassador to New Delhi, told us a few weeks back that "we should offer both India and Pakistan the same bold assurance that we gave Turkey and Greece and later the nations of Western Europe in 1947, that we will not allow their economies to fail in the next few years for lack of financial resources." What difference is there between what Mr. Dulles and Mr. Stassen said and what Mr. Bowles said. Neither India nor Pakistan has given us a modicum of identifiable support in our struggle against Sino-Soviet aggression. India in particular favors pacifying the Chinese Reds by jettisoning Chiang Kai-shek, and wishes to see Red China seated in the Security Council of the United Nations. In common with other British Empire associates, it is plumping for East-West trade, whatever the result in dangerous buildup of the Soviet industrial war making base, and accepts the new international gospel that Uncle Sam is selfishly rich and that it is his duty to support the world and to bring the standard of living everywhere into equalization with that in America.

That reminds me of what was said by the Senator from Iowa [Mr. GILLETTE] when he read the slogans invented by Franklin Roosevelt and his associates when he got us into World War II.

This latter expectation, Mr. President, this concept of the ordination and duty of Uncle Sam to act as a minister to all of the peoples, is not only unique but unprecedented in international life. Even the Soviet Union, considered fanatic in its pursuit of doctrine, insists on value received in all its dealings, whether with its satellites or elsewhere. In fact, one may well believe that in practically every case it exacts more than it receives.

In every case, including that of China at war, a quid pro quo is involved for all assistance the Kremlin sends. Moscow does not give anything for nothing. It exacts a price and condition in which the paramount interests of the Soviet Union themselves are always the leading element.

AMERICAN GOVERNMENT FOR AMERICANS

I have always taken the position that while it is right and proper for Americans to assist foreigners when they are

in trouble, it is not the primary duty of the American Government to look out for foreigners first and Americans second. Under circumstances such as followed after the historic earthquakes in Japan, Americans rose magnificently to alleviate the suffering; but it is not our manifest destiny to remake the world or to remake the relationships of the countries to each other or to their own internal goals. To do so means that we will have to sit in judgment on a myriad of causes—on their colonial imperialism, their Marxist tactics, the way they treat their minorities, and, in fact, every detail of their national operation.

Certainly we can take no responsibility for their internal concerns, for their standards of living, and for other factors which dictate the terms of their existence, unless we are able to exercise over them and over their future the same authority which the Russians wield over the lives of their satellites. This we obviously cannot do; it is an outcome every right-thinking American would shy away from. It is not within our philosophy of life to be dictators, but only a frank dictatorship and cold-blooded imperialism is capable of assuming such responsibilities successfully. A free nation like our own attempting to operate on the highest of moral standards and eschewing any attempt at interference with the internal life of these pensioned states, can rely on nothing from them but resentment, and will not even receive the quasiadvantage of vassal to master.

UNITED STATES "EXPORTS"

We can juggle figures as much as we please in an effort to make the mutual-aid principle look different from an ordinary swindle, but one need not look far to understand that it is the Treasury of the United States which in real effect is financing the great bulk of the purchases made in this country from foreign sources. Comparative figures relating to levels of foreign trade, or levels of export by ourselves, must be examined with the utmost care. Otherwise there will be found serious questions of logic, management, and accuracy which underlie these figures and change their meaning. For example, a change in the pegged value of sterling, or of the franc, can contrive an automatic change in relative import-export position which is all appearance and no reality. Or, by increasing military shipments which are a case unto themselves, our export can appear immense. Our actual loss of commercial export shipments in March of 1953 against the same month last year was 21 percent, but an increase of 181 percent in military shipments during the period brought the total export figure up to where it showed only a fractional loss.

The true fact is that much of the money to pay for foreign purchases in this country is derived from the tax monies of the people of the United States via the United States Treasury. In the truest sense these purchases are gifts.

THE HOAX OF RECIPROCITY

It is equally true that the Treasury of the United States is underwriting the industrial establishments of these same

countries. So, in effect, it is we who pay for the exports; and by the same sequence of reasoning it is largely we who finance the imports which enter our domestic market to compete with our home-produced goods.

Any examination of this question of reciprocal trade, if subjected to ordinary yardsticks of measurement, makes it apparent that we are being made the victims of a sort of international hoax, on which our leaders keep conveniently silent. The nations who exclude us from their domestic markets are in the process of invading our own, where they are able to offer cut-throat competition to American industry with its high labor and production costs.

The plain fact is that on the mistaken presumption that there was somehow an absolute connection between the economic capacity of Europe to produce and the willingness of its population to rush headlong into communism, we have urged and stimulated the continent to produce more than it has legitimate market for. Now we find Europe plagued with this very problem. To relieve it, it is demanded of us that we open up our own markets still further, to absorb the surplus which we, ourselves, are responsible for creating.

Thus prompted, Europeans, with their vast pools of cheap labor in the colonies and low wage standards at home, are going ahead on a course of unconditional industrial expansion. Since this expansion bears no relation to existing market, it must in the end thrust them into the necessity of trade with the Communist East. This situation I shall come back to presently. Not only are we financing these people but we are teaching them efficiency. Their great advantage obviously lies in their pools of cheap labor. The things they want from us in particular are jigs, dies, and heavy machinery for the producing of consumer goods. In short, they are building a competitive industrial society which in the end will either supply the Soviet East, or will be in unrelenting competition with us all over the globe.

AMERICANS MANUFACTURING ABROAD

If we can see 2 inches in front of our nose, we must know that one day we will have to pay the piper for this binge of emotional madness. Even today more and more American companies are manufacturing abroad, buying or building plants in order to have access to the pool of cheap labor which exists there. In this way they are able to serve foreign markets more easily, and even to export to the United States. This trend is firmly established in whole sectors of our industry, in the manufacture of cameras and film, automobiles, and chemicals, and is rapidly widening. There are automobile and other American manufacturers who are actually building and exporting for sale to the United States, well-known American brands and makes, including motorcars. In short, Europeans have our money, and are now in a fair way to capture our industry itself.

UNEQUAL COMPETITION

Certainly the same measuring rod used in relation to our own production for export, cannot be used in regard to that

of foreign countries. Their labor standards and conditions of operation lend themselves to far cheaper production. Fully as important, these countries possess managed currencies, and their semi-authoritarian structures give them the advantage of being able to underwrite their exports and to achieve strategic goals by cutthroat competition.

Where our own exports are individual, the business of foreign countries is for the most part conducted or controlled by the state, which in one way or another manages it and is in a position to use it as a weapon of state policy.

We have seen that the only way in which we can invade European markets is by the actual underwriting of our exports, which become in large part a gift to these countries. Without these incentives, European industry, heavily cartelized and closely associated with government, is totally self-protective and exclusive.

On the question of European invasion of our domestic market it hardly seems a matter of argument that any producing state whose workers possess a subsistence level much below our own, can produce cheaply enough to provide ruinous competition for our own industry.

RUINOUS COMPETITION

Actually there already exists serious evidence of the extent of this danger, though we still are sheltered by a certain modicum of tariff protection, and though no full scale invasion of our markets has yet occurred. One need only point to the tuna fisheries, where much idleness has been produced among California workers and shipmen due to low-cost Japanese competition. Our production of opera glasses and binoculars has been seriously hurt by Japanese imports, which are able to sell in our own home market for less than one-third of the price American manufacturers must have if they are to allow workers an American standard of living.

The same is true of Ohio crockery and of other industries, which have been compelled to compete against even the limited import which is now allowed under such protection as we today possess. One might say that competitively our exports have been suffocated in world markets except for those goods which we can produce cheaper by virtue of our own machine efficiency, or dispose of by financing the transactions for the benefit of the purchasers.

Here we should take warning that our present advantage of superior production efficiency will not last forever. As I have pointed out, we ourselves appear to be actively committed to bringing the efficiency of European production to our own level.

PRICING OURSELVES OUT

Thus we are committed to a policy of eventually pricing ourselves out of export markets altogether.

Should we also open up our domestic market to this kind of catastrophic competition? Without adequate protection for our manufacturers and workers, what will become of the American standard of living? Must it not decline precipitously?

Do any of the advocates of this policy of nonprotection of American goods consider the manipulative ability of foreign producers based on their integration with the state itself, their massive cartel structures, and their relation to corrupt and dishonest currency systems, all of which favor the intervention by the state in the area which we refer to as "private trade." Our own producers could hardly be expected to compete against the dumping processes and quietly formulated price wars which can under these conditions be conducted against them by foreign competitors.

When one considers the low living standards and consequent low production costs of these nations, is not the situation fraught with the greatest danger to our own people? The average American wage earner working in heavy industry makes about \$1.80 per hour. European wages are not much more than a third of this. The wage scale in Asia and Africa often does not reach this figure for a full day's work. American metal miners get 7 to 10 times the wage paid native labor in the rich African mines.

Let us be entirely practical in this matter. Unless the benefits of the present mutual-aid program now so strongly urged on us, are plain, neither the administration nor the Congress possesses either the mandate or right to make the uplift of other peoples an essential of our own state policy. On the basis of plain historical evidence, these peoples have been in existence a long time. Their submarginal or low standards of living have been a constant factor in their history; the gulf between our own high standards and their low ones is by no means something new and unique, and bears no perceivable relation to the question of international communism.

STATE INDUSTRY—SINISTER THREAT

The logic of the position would appear to speak for itself. To give you some idea of how state- and cartel-controlled industry and low-producing costs could send us headlong into ruin, we have only to look at recent Soviet dumping of potash here. It is claimed that the Soviets are exporting to the United States at an offering price less than our producers are able to mine and refine it. This action is seen by George E. Pettit, vice president of the Potash Co. of America, as a sinister threat to an important American industry. He points out that the dumping pattern is clear and that in 1950, when a serious strike disrupted our own potash production, Communist potash was offered at 40 percent above the present price.

Further evidence is offered by new competitive developments in the oil market. Russia is not a country blessed with an oversupply of oil, as far as we are now able to determine. Nevertheless, she has been able to offer Japan Saghalien oil at a figure 30 percent below current international f. o. b. prices.

On the subject of petroleum, we were told at the time of the Israeli-Arab war that it was necessary to be on the side of the Arabs due to the petroleum resources in Arabian countries, which were described as desperately required by the

West. Today the biggest producer, Abbadan, in Iran, is for effective purposes out of the market. Yet we ourselves are faced with a glut of petroleum in our own country, with an enormous inventory, complicated by steadily increased imports from countries where there is very little to pay in the way of tax and where the labor cost is only a fraction of ours.

OUR MINES CLOSING DOWN

Much of the same situation applies to coal. Rising costs and increased competition from cheap oil is contributing to the closing down of coal mines throughout the country. The importation of cheap foreign oil waste is supplanting coal for use as fuel in many eastern industrial centers. The production of coal in 1953 has dropped 20 percent below 1952. Prices of bituminous are sagging. Small soft-coal mines are closing.

Even more important, in view of our military requirements for war, is the fact that our lead, zinc, and copper mines are shutting down. The reason? Cheaply produced, state-controlled lead, zinc, and copper from abroad. It is impossible to compete with the gigantic African mines, for example, with their depressed standard of labor, if mine owners are to operate under the conditions American labor rightfully demands.

How can one relate the position, even on such basic raw materials as these, to the loud outcry being made by foreign states against our alleged economic nationalism and high tariffs? Actually, these tariffs are not high, and have been steadily declining over the years. Before World War II, the tariff on lead and zinc came to about 40 percent of selling price. Today it is only about 8 percent; but even this minor percentage seems to annoy our friends abroad as representing an unwarranted interference with their exploitation of our market.

DRIFT TO DEPRESSION?

I submit, Mr. President, that our domestic market is not capable of absorbing unlimited shock. Farm income has fallen by more than 8 percent in a year and is still dropping. All sectors of our economy are showing signs of regression. Retail sales are off, and even homes are beginning to be a drug on the market, except in the low-price ranges.

The latter situation is not due to the fact that full consumer demand for homes has been met. Certainly the Nation is not overbuilt in this respect. The need for new construction could not be filled for years.

The condition is due entirely to the fact that people increasingly feel themselves no longer in a position to buy. The pressure of taxes and the gradual decline in whole sectors of our national economy, remain the responsible factors.

The pressing need for schools and for hospitals is equally great, but our communities do not feel themselves able to accept responsibility for these costs.

A considerable proportion of informed and authoritative opinion believes that we are drifting toward actual depression. This appears to be the considered judgment of many Government econo-

mists and is reflected in certain measures undertaken recently by the President's office itself.

Under the circumstances, is this the time to place our domestic market under still greater strain by removing even those minimal safeguards for American production which now exist?

Yet we read in the widely syndicated newspaper supplement, *This Week*, an urgent piece of "trade, not aid" propaganda in which the bait of lower prices on everything is held out to Americans. The president of Britain's powerful board of trade, Mr. G. E. P. Thorneycroft, is caused to say piously:

We ask for the free and fair competition which has been the mainspring of your country's expansion.

Yet Mr. Thorneycroft's organization has been instrumental in excluding American imports to England by methods which under American law would promptly land him and his associates in jail for conspiracy.

The author of this article quotes Henry Ford II, who now builds Fords under the name of "Consuls" in England with low-cost labor, reshipping them to the United States for sale, as demanding "a new law without loopholes, encouraging the most rapid possible elimination of all tariffs," and "the abandonment of the Buy-American Act, which limits Government buying of foreign goods."

OFFSHORE PROCUREMENT

Should we not do the reverse, and eliminate such unsound practices as those concerned, let us say, in offshore procurement? It appears to me that the spirit of these practices results in overturning the manifest will of the Congress, handing to foreign nations billions of American money which do not even show on the subsidy sheets. If we are to give these vast sums away, would it not be proper to at least possess the advantage of doing the manufacturing here so as to aid the American worker and to put a floor under our threatened economy?

PURBLIND POLITICIANS

I, for one, am fed up with the whole of this situation, and with the excuses made for it. Arguments on its behalf appear to me to be no more than pious quackery, whose instigating sources urgently require investigation.

Up to this hour the bureaucrats and politicians still remain urbanely purblind. They do not bother to conceive that if there could be an Alger Hiss there can be still other Judas goats operating in our higher echelons for causes not our own. Never looking outside of their blinders, they bandy the words "reciprocal" and "mutual" in a manner which gives these familiar words new meanings, an aptitude they have in common with our Communist enemies, who do not hesitate, for example, to refer to themselves as the "peoples democracies" and the "peace-loving countries."

In order to assist in maintaining the price on Malayan rubber we are told that the administration is giving serious thought to boosting the price of synthetic—American produced—rubber. The proffered reason is to realize addi-

tional earnings from the Government's synthetic plants before they are sold to private industry. The real reason obviously is to further bail out our associates abroad. Meanwhile these same friends, as I have pointed out, have pulled out of the International Wheat Agreement, haggling over a minor difference of 5 cents a bushel. At the very moment when wheat is literally running out of our ears, it appears that the British are to be supplied by a bilateral deal with the Kremlin for Russian grain. Reversely, when it comes to commodities controlled and marketed through cartel and Government manipulation, they are practicing dumping, even on our domestic market. This has already ruined our lead, copper, and zinc mines, and has cut our cotton export to 2,455,000 bales from the period of August 1 through April 30 last, as compared to 4,891,000 for the same period for the previous year.

MR. TAFT'S SPEECH

I note with some amazement that Mr. TAFT has felt it necessary to explain that he was misquoted when in his speech before the National Conference of Christians and Jews on May 26, he expressed sharp criticism of the part the United Nations Organization has played in the Korean war. He explains that he did not use the words "go it alone," in his speech, and did not advocate such a course but only that we create "a military alliance in the Pacific, just as we have in NATO in Europe."

I have always had a very high regard for Mr. TAFT and for his courage in addressing himself even to such questions as he might feel are to his political disadvantage. Consequently, I read his original address carefully; and I can derive from it no feeling of approval for NATO. Indeed, that all-but-defunct body, it seems to me, was implicitly condemned, if one may go by the following excerpts from that speech, an excerpt with which, by the way, I wholeheartedly agree:

I have always felt—

Declared Mr. TAFT—

that we should not attempt to fight Russia on the ground on the continent of Europe, any more than we should attempt to fight China on the continent of Asia. I have always felt that that defense must be undertaken by those who occupy Western Europe. After all, there are at least 225 million of them, 50 percent more people than we have in the United States.

Surely, by simple definition, this is a clear expression of Mr. TAFT's anxiety over a policy he considers confused and inept. If almost one-third of the entire combat strength of the American Army is now in Europe why are they there? Why is one-fourth of the American fleet permanently stationed in the Mediterranean? And why is the American taxpayer paying more per capita for the defense of Europe than is the European taxpayer? And if the NATO alliance is questionable on the score that it is Europeans who should defend Europe, why is it more rational to enter this same type of alliance with the identical European states who have failed their obligations

on their own continent this time in defense of Asia, where they are both weak and cordially hated?

WE MUST HAVE FRIENDS

From where I sit, all of this looks like a scandalous misdirection of statecraft in which Uncle Sam has been elected to attempt to support the world on shoulders already growing shaky with the immense burden which has been loaded upon them. At the very least it is an offense to the American citizen who must work harder to pay increasing taxes, and who must expect less in the way of living standards for his family and education for his children, in order to continue with this constant drain on us.

There is an old axiom which says, "I will protect myself from my enemies, but God protect me from my friends." President Dwight D. Eisenhower, a distinguished American who has received the greatest distinctions within the power of the American people to grant, recently alleged in defense of exactly the record which I am reciting today, that we cannot go it alone, that we must have friends. Through his own attainments and his occupancy of his present eminent office, due attention must be paid to his utterances; but should it not be pointed out to him that friendship involves not only gratuities but mutual responsibilities, a willingness to stand resolutely at the side of comrades in arms when the going gets rough, and that it comes to something more than a periodical attempt to squeeze dollars from the old softheaded guy with the whiskers?

While we are on this subject, it frankly appears to me that the entire NATO plan is nothing but a delusion. It is replete with distortion of the fundamental facts, if the issue relates to our ability to defend Europe against actual Russian aggression, and to Europe's willingness to defend itself.

NATO A FAILURE

I do not pretend to authority, Mr. President, as a military expert. However, one does not need authority to understand that NATO is an unrelieved failure. During all of these years the treaty alliance, which gives it effect in France, has not even been ratified by the French Parliament. It can be expected that the French will continue to stall it indefinitely. Their purpose seems to be more that of preventing German rearmament than of building their own military establishment. The Germans in turn are seeking to lay down their own conditions for associating themselves with NATO, and sometimes give the impression of having adopted a pacifist and nonmilitary attitude. The British are sabotaging the political and economic unity which would make it operable; The Spaniards, West Germans, Swedes and Swiss are no part of the arrangement; and the entire principle of earnest arming and mutual support, even of the borders of their neighbors, is only halfheartedly applied. I am reliably told that all of the NATO states possess little more than token forces, incapable of defending even their own territories.

I note that Defense Secretary Wilson has unburdened himself of the astound-

ing declaration that the 20-division United States Army with its improved weapons and equipment "would be able to offer real resistance" if the 175-division Soviet Army should attack. Beyond the implicit acceptance of the idea that this is no European duty but one incumbent on Uncle Sam, this statement has little more to recommend it than that of a previous Defense Secretary, Mr. Johnson, when he declared in essence that if Stalin attacked in the morning, we would knock him into total insensibility by late that afternoon. I cannot believe that Mr. Wilson added up comparative figures of men and equipment or consulted his military and logistical maps.

ALLIANCE WORTH NOTHING

I am willing to go on record as saying that outside of the monetary rewards, and the expenditures made by American troops on the economies of the various countries where they are stationed, this so-called alliance is worth nothing, and is about the shakiest thing ever created. So far from accepting Mr. Wilson's statement, I challenge the Government to produce one single qualified military man who will declare that all of the combined forces of NATO together are capable of stopping Russian aggression against Europe, or of holding a line anywhere, for 24 hours.

Since we are pouring our funds into this painted sepulcher while at the same time denying even our Air Force the money it desperately requires to maintain itself at a proper defense level, it seems to me that NATO creates a dangerous diversion, and for this reason alone constitutes a true menace to the ability of American people to defend themselves in war.

There are not 10 active divisions in the entire NATO structure which possess anything like adequate antitank, anti-aircraft, and other supporting units, or even adequate small arms. In fact, it is not an exaggeration to say that the Swiss Army alone is better organized and better armed and perhaps possesses greater actual strength.

FRANCO-RUSSIAN ALLIANCE

The assumption, moreover, that somehow American interests are identical with the interests of all these ill-assorted countries, including Mr. Tito, whose devotion and loyalty to the democratic ideal in the long run certainly must be qualified by some reasonable doubt, is sheer nonsense, for none of them are interested at this moment in any more than their own immediate self-interests and well-being. Both the French and British also possess an existing alliance with the Soviet Union.

Article 6 of the treaty between the U. S. S. R. and the French Republic, signed in Moscow on December 10, 1944, reads that—

The high contracting parties agree to render each other every possible economic assistance after the war, with a view to facilitating and accelerating reconstruction of both countries, and in order to contribute to the cause of world prosperity.

The treaty is valid for 20 years unless denounced by either party, which to date has not been the case.

ANGLO-RUSSIAN ALLIANCE

The treaty of mutual assistance between the U. S. S. R. and the United Kingdom of Great Britain and Northern Ireland, was signed in London on May 26, 1942. It similarly lasts for 20 years and contains the same provisions. Both treaties, incidentally, require that in the event that one of the high contracting parties during the postwar period becomes involved in hostilities with Germany or any of the states of Germany, the other high contracting party will at once give to the contracting party so involved in hostilities, all the military and other support and assistance in its power.

When one considers that we are in the process of arming Germany and seeking to incorporate German legions into the NATO forces, this reading must at least raise eyebrows.

RUSSIAN-JAPANESE ALLIANCE

It may be argued that somehow these treaties, which I should remark also bear the name of "mutual aid," have become a dead letter. Certainly it would appear that this were so, though Pravda occasionally refers to them as if they were very much alive. However this may be, even recent history teaches us that their demise does not necessarily follow as an historical absolute. The Japanese had such a treaty of nonaggression with the Russians, which many thought had been suspended due to the fact that mutual Russo-Japanese bickering had reached the stage of armed clashes. Nevertheless, when it became convenient for the treaty to be invoked it suddenly reappeared live as day. This was after the Japanese assault on Pearl Harbor, when in the interests of treaty niceties the Russians meticulously refrained from attacking the Japanese along the entire length of the Siberian border. Only when Japan had been knocked to its knees and was within a few days of total capitulation, did Moscow suddenly become aware of its duty to us as an ally. Moscow's action permitted the Japanese to leave the Chinese border virtually unguarded, and to undertake a mass shifting of troops and munitions to the front in the South Pacific. No part of these facts are mitigated by the final outcome, when at the last moment the Russians denounced the treaty, and with the consent of our own State Department moved in to get their share of the spoils.

NATO OBITUARY WITHHELD

All of this weaseling and play acting suggests that the truth has yet to be frankly disclosed to the American people. It appears to me that NATO not only has failed, but that it has already died and been written off, and that the administration is biding its time before it so informs the American people. In short, our European friends who gave excellent lip service to the mutual aid concept as long as Uncle Sam was willing to foot all bills, have done little if anything on its behalf. I, therefore, state that NATO as it now stands constitutes an imposition on the good faith of the American people. It is an unqualified failure, and the American people should

be told this unpalatable truth as quickly as possible.

U. N. TISSUE-PAPER ORGANIZATION

Taking up another element in Mr. TAFT's speech, the position of the United Nations Organization in all this, the conclusion again is irresistible that we are dealing with a shambles of inconsistent and unrationalized action.

When the United Nations was organized in San Francisco after our victory over the Berlin-Rome-Tokyo axis, it was peddled to the American people as something brand new in world concepts, an inspired acceptance of the letter and spirit of international law by all of the nations, instead of what it was, a more pretentious but second-rate imitation of the previously discredited League of Nations. Our top leaders spelled out the promise in fulsome detail once more, overcoming by these glibly false assurances, the natural reluctance of the American people to abandon the historic American principle of minding our own affairs and letting other people mind theirs.

We were informed that the failure of the old League of Nations could be laid directly to America's nonparticipation, and that the new scheme would subject international banditry and lawlessness to the full control of international law, but that in some miraculous and unexplained manner, there would be no loss of sovereignty by us. The United Nations Organization was to have its own police force with which to compel the peace against lawbreakers. All we needed to do was sit back, finance this deal, and rely on the new international superstructure to do the rest.

I hardly need remind you that the United Nations also failed in all of the wonderful effects which were expected from it. One can say without fear of contradiction that it proved even weaker and more ineffective than the unlamented League of Nations which preceded it.

The United Nations, as an institution, is built of tinsel, sham and tinsel paper. Even worse than our deference to this inexcusable masquerade, is the frank hypocrisy with which we acknowledged the total uselessness of the United Nations Organization when the chips were down. I think there is still use for honesty in the world, and that the confusion which arises in the minds of our citizens from this double-acting leads to no good.

In large part, this dissimulation has placed our public policy in a complete muddle. Our pretenses in regard to the United Nations are still such that any effort to look at that tissue-paper body realistically causes many people to throw up their hands in an expression of horror, as if someone had offended Deity itself.

THE UNITED NATIONS FRAUD

The peace, of course, has not been enforced. Instead, we see ourselves in a world consumed by the electric tension of aggression run amuck. We find ourselves engaged in a war in Korea in which one member of the United Na-

tions, the Soviet Union, is the active and instigating party; although, it is its cat's paws, the Chinese and North Koreans, who are shooting the guns. We see other states, prominent in the United Nations, who have sent token support to our Armed Forces struggling on the Korean peninsula, but who at the same time engage themselves in a lucrative trade with the Chinese enemy, with whom they continue to maintain correct diplomatic relations.

Other members, such as India, preserve a righteous air of impartiality, in which aggressor, victim, and defender are all equated identically.

We see prominent French politicians threatening to deal directly with Russia if the United States insists on rearming Germany as a member of NATO. Finally, the United States continues the absurd pretense that the United Nations represents law and order in the world, while at the same time ignoring that body in favor of the old scheme of military alliances. These are concluded outside of the United Nations and without the blessing of its Security Council.

TAFT'S DEVASTATING ESTIMATE

Listen to Mr. TAFT's admission in the much argued speech to which I have previously referred:

No one should be shocked at my suggestion about the United Nations in Korea, because in Europe we have practically abandoned it entirely. When we adopted the North Atlantic Treaty, we did not ask the United Nations leave, and we did not consult it. We claim that such an organization can be formed under the terms of Section 51 of the Charter, and perhaps it can. But to my mind, it is the complete antithesis of the Charter itself, and while it may not violate the Charter, it certainly substitutes a military alliance for the United Nations as a means of preventing Soviet aggression. NATO * * * is clearly a military alliance of the old type.

Does Mr. TAFT believe in the face of his own estimate, that the United Nations is still the depository of international law? Does he still retreat from the idea of calling things by their right names, as in the old Victorian days when we called legs, limbs, and as we continue to call breasts, busts? Is he not prepared to recognize from the evidence, that whether we wish it or not, we are alone, and that if we are to have allies it will have to be on the basis of an entirely different "mutuality" than now exists?

For the sake of the record, I should like to say that I for one have no wish to go it alone. We need all of the allies we can get anywhere, but we need actual allies, not petitioners for favors, who back off when the chips are down. I repeat that true alliance is like marriage. It invokes the necessity for equal obligations and equal sacrifice, and cannot be a one-sided deal.

LITTLE HELP—MUCH MEDDLING

I do not pretend to be a military expert, but I am able to read and to add. I discover that in this war with Communist China, we have suffered more than 135,000 casualties, and that the Republic of Korea and the United States,

between them, have contributed 94 percent of all the ground forces and 98½ percent of all the air forces, and that we foot all of the bills for everyone. Our allies give us a minimum of help and a maximum of interference. Even on the request for relief aid to suffering Korea which was to come voluntarily from U. N. members, they managed to scare up between them, the sum of \$20 million out of the \$250 million asked for. Considering the position, I think I can be excused for saying that both the United Nations and "Mutual Aid" are unrelieved and unqualified humbug.

How, under the circumstances, can we lower our dignity and our sense of right and wrong, to pretend that this war is not an American, but a United Nations war? The commanders in chief of the armed forces are appointed not by the United Nations but by the President of the United States and his Chiefs of Staff. Not even the pretense of a report to the United Nations is made by those who conduct the war. When General MacArthur who led that war originally, and who insisted that since we were in it it was necessary for us to end it by decisive victory, was removed from his position, it was not by order of the Security Council of the United Nations, but by the Chief Executive of the United States.

How far, one is entitled to ask, may this pretense be taken, and at what point does its manifest dishonesty become a menace not only to the unfortunate American boys who are doing the fighting and dying on these blood-soaked battlefields, but to the entire future of the United States? The first prerequisite to any reasoned policy lies in an honest weighing of the physical truth, and in deep soul-searching for its moral counterpart. But always, Mr. President, in the contemplation of truth and truth alone, for when truth becomes encumbered with all of these mass barnacles of deception, one may truly wonder for the seaworthiness and fate of the ship of state.

FAILURE IN KOREA

I do not know what will come of the present negotiations at Panmunjom, but I do know that it is the first time we have ever come to a stalemate in a war, with all of our objectives unachieved. Our announced goals of a united Korea, of halting imperial aggression, have apparently been abandoned. Perhaps we were compelled to do so by circumstance, though the record does not seem to say so. What seems to be true is that while we did all the fighting, our associates of the United Nations threw their weight around on behalf of their own pitiful little egoisms. Through their pressures, our Government issued instructions to our Asiatic fleet to prevent Chiang Kai-shek with his 700,000 Chinese Nationalist soldiers from at least creating a diversion by attacking the Communists along their vulnerable coastline.

Due to the demands of our so-called allies we were unable to bring the war to a decisive close. We have the testimony of Generals MacArthur, Van Fleet, and others that had we so desired we could

have swept the Chinese armies completely out of Korea, and have brought the Chinese economy itself to chaos by a simple blockade of Chinese shores, an air envelopment and attack on their marshaling grounds, munitions dumps, and troop concentrations in Manchuria, and by knocking out the few Chinese lines of communication, bridges, railroads, and other vulnerable points in China proper. On specific occasions, when the Chinese forces faced total annihilation at our hands, our generals were ordered to pull back. Why should this be? How can it be explained, any more than those other incomprehensible actions by which we pulled back our forces at the gates of Berlin, Vienna, and Prague, to allow the Russians to get there first? What we do know is that under the solicitation of our "allies" we pretended that this was a police action, that the Chinese army of a million or more fighting in Korea was not dispatched there by the Communist rulers of China, but had somehow miraculously appeared with full equipment, and that we were not at war with China at all. Hence the fiction that we should not "enlarge" the war by bringing the hostilities to Manchuria and the vulnerable points of China proper. This is a piece of fiction which was to prove very expensive in American lives. Its end is yet to be seen, and to describe it under the head of "collective security" is an insult to the ordinary intelligence of men. Actually its underlying reasons were those of commercial profits, and of markets, which our United Nations allies conceived to be necessary to their own welfare.

AT WAR WITH CHINA

I think I can say with truth that the decision to treat China as if it were not a nation at war with us, and to respect the munitions dumps, the factories, and marshaling grounds in Manchuria as a sacred sanctuary though they were essential to the conduct of the Chinese campaign against us, was a political and not a military one. It was put into effect by political representatives of the United States on the insistence and at the behest of powers associated with us in the United Nations. I know of no military man who gainsays the assertion that had our military leaders not been restrained from doing so, we could have ended the war in Korea expeditiously, and not be in the dilemma in which we will find ourselves, no matter what the outcome of the negotiations at Panmunjom.

TRADING WITH THE ENEMY

Our European associates found in the China trade a lucrative source of income. It may truly be said that every Chinese-run motorized vehicle, whether tank, truck or motorcar, operates on the rubber and gas sold to them by these countries, and brought to Hong Kong and Macao or to Chinese ports, in European ships.

The International Statistical Service estimates that—

Even under present conditions of restricted imports from the Western World, Communist China still depends for about 40 percent of her supplies from overseas shipments.

The total of shipments to China via the British port of Hong Kong in 1952 totaled \$149 million. An additional \$2½ billion worth of goods is estimated to reach Red China annually by sea through its own ports. The supply lines themselves are operated by a fleet of ships owned by our own allies and mutual aid associates.

A United States Commerce Department figure indicates that these countries are trading with Communist China to the tune of \$600 million a year. This does not include a large and rising volume of black market transactions to which these states conveniently close their eyes. It includes an import last year of large quantities of rubber, wool, cotton and chemicals and machinery and oil. Ceylon, which is a British dependency, has made a new 5-year trade agreement with Red China under which it is to ship 50,000 metric tons of rubber to that country in return for 270,000 tons of rice annually. Egypt has just concluded an arrangement with Eastern Germany under which she will send that Soviet satellite cotton, manganese and phosphates in return for Soviet produced materials. Indonesia which is on our list of so-called friends, has just concluded another swap deal by which rubber, tin and critical raw materials are to be sent to Communist Poland in return for goods which the Soviet Union produces in excess.

CHENNAULT'S AIRPLANES

Acting urbanely as middleman, the British in Hong Kong are offering Japanese exporters a swap of coking coal from China for textile spindles from Japan. It is for such considerations of expediency that a British court at Hong Kong, in the midst of the terrible struggle being waged on Korean battlefields, decided to give the invaluable airplanes of the China airline owned by a company headed by the American general, Chennault, to the Chinese Communists as being the rightful owners. This decision finally was overruled by the highest British court in Hong Kong after a 3-year legal battle and strong unofficial United States representations. The airplanes were sitting on Hong Kong ports during all of this litigation and literally rotted away. This tedious concentration on alleged legal rights possessed by a hostile power engaged in shooting down our boys, and, for that matter, a few token British companies seems more than reason can stomach.

EUROPE WANTS RED TRADE

Distrust of the United States is a constantly repeated report by observers in all of the European capitals. Europe shows every indication of entering into massive trade arrangements with the Soviet union, and to become an important supplier of machinery and other vital goods to the Soviet apparatus. Their cartelized business structures are chafing at the leash to do openly what they are now doing surreptitiously, supplying the Soviet Union. They are perfectly willing to sell anything at a price.

This situation is covered nicely by the finance analyst, Sylvia Porter, in a recent dispatch to her newspaper syndi-

cate from Vienna. Miss Porter states that—

All over Europe, there is strong resentment against our rigid and broad curbs. The pull to revive trade with Russia is really serious and intense. What is Russia to gain by this offensive? Plenty. She desperately wants many strategic materials as West Europe wants markets. Copper, chemicals, steel, machine tools—she is willing to pay fantastic prices, go to extraordinary lengths for this sort of stuff, a highly informed diplomat told me here. She needs these materials for her war buildup and industrialization.

Whatever morale the European states have had, has been sapped by years of desperate bickering, postwar austerity, and by the introduction of the theorems of the welfare state. Robbing their citizens of incentive, multiplying the drones, and taxing to the point of semislavery. Ludwell Denny, the Scripps-Howard foreign editor, stated the matter well in his dispatch of May 26, saying that—

The people are ceasing to care, they are becoming fatalistic, they no longer labor with the old zest, or struggle with the old assurance. There is more loafing, more escapism, more gambling, more cheating, more crime. The appeals of their leaders for more discipline, sacrifice, production, do not stir them.

The enterprising Soviet expansion economy understands or senses the position better than our own leaders. As a totalitarian state, Russia is able to exploit this psychology to the fullest. She can make terms which have nothing to do with profit or loss, but only with ultimate Russian strategic goals. As I have pointed out, they have already offered 600,000 tons of crude oil to Japan at a price strongly below the market. Moreover, they do not request dollars in payment, but boats, motors, engines, and the products of Japan's shops and foundries. One may well imagine the hypnotic effect on Japanese businessmen who have suffered a loss of their customary Chinese mainland markets, and are being choked in Africa and the balance of Asia by sterling area curbs. Yet it might be well to mention that if the British are so anxious to liberalize trade they might well make a start with the sterling bloc mechanism so as to release Japan from its present compulsion to deal with the Red Chinese mainland.

STEALING ATOMIC SECRETS

One may concentrate on the fact that our associates in the Korean adventure are guilty of dealing with the enemy for profit, that though they possess populations many times our own, and resources comparable to ours, they have contributed almost nothing to the struggle. All of this may be an understandable piece of dissembling which in the end will right itself. But there is something worse, which derives from the ability of these states to work both sides of the street: the access they possess to our state and military secrets.

For some reason which is not quite clear, the British were selected from the French, Belgians, Mexicans, Brazilians, and other associates in the United Nations and given access to our atomic and other secrets. During this period we have made a great fuss over our own

little two-bit culprits like the two Rosenbergs, who, we are told managed to steal certain drawings. But who has said anything about the wholesale delivery of atomic and other top-drawer secrets to Moscow, funneled directly through a series of turncoats and Russian agents who were placed by Britain in the highest possible position for a full and unreserved disclosure of these highly confidential matters. I refer now to Allan Nunn May, the Canadian scientist, the German, Klaus Fuchs, and the Italian, Pontecorvo, all employed by the British Government, all vouched for by Whitehall, and all with direct and almost total access to the secret diagrams, charts, and papers which concerned our atomic achievement. I refer also to Mr. MacLean, who was head of the American Division of the British Foreign Office, and Mr. Burgess, similarly well placed, both of whom had access to top-drawer material and were part to the transmission belt which operated between London and Moscow.

BRITISH LENIENCY

Yes; these men turned out to be espionage agents for the Kremlin. Some disappeared into Russia; some were tried and convicted for their crimes. When I say convicted for their crimes, I am taken aback to find that the British not only did not manage to protect us against the depredations of these top drawer agents of Stalin, Beria and Malenkov, but allowed them to escape with only a few years in prison. When I compare this with our treatment of the pitiful little American Communist agents, the Rosenbergs, who were sentenced by our courts to death, I must confess a certain feeling of exasperation.

Before I consider what these things mean in terms of practical overall policy, I should remind you that in the last national election if the vote and the issues meant anything at all, they meant that the people have expressed their will for a radical change in this wholly ridiculous policy. This change will not be brought about by a further and continued adherence to Europeanism and to shopworn social theories which are passed off as something brilliant and new, or by a Quixotic bout with the windmill of Messianic ordination. It can only come about by centering our judgments on the duties and realities of life as they apply directly to ourselves.

AMERICAN SECURITY FIRST

I do not feel it shameful to say that it is perfectly proper and respectful for Americans to look out for themselves and to place the security of their own nation first. To do so is not unjust to other people. In the end it may serve better in our effort to command the esteem and regard of others than the existing subsidy policy which only acts to weaken the character and sense of moral responsibility of our European friends.

In this very real sense I have been told by prominent Europeans that our actions have done Europe itself considerable hurt.

Just as our pioneers created out of nothing, by their own unaided sweat and

labor, a great Nation, these now-forgotten European statesmen understand the true meaning of the phrase, "God helps those who help themselves."

They know that the padrone principle can be as destructive to the character and moral strength of nations, as it can be to that of individuals. These finally lose their capacity to cope with their own problems on their own responsibility, as any indulgent father with a spoiled son will unhappily testify.

In short, if it be argued that we have been victimized by Europeans, who are unwilling to take resolute action by which their own social and military problems may be resolved, it may be conversely argued that Europe itself has been victimized by our principle of hand-outs, which has served to destroy European stamina and the spirit of independent initiative and resourcefulness necessary to survival.

SOCIAL WELFARE FIRST

Let us look at another part of the pattern by which our associates in the mutual aid program are operating. What a pathetic and irresponsible picture it presents.

While we have been squeezing our productive economy dry for taxes to prepare for war and to support the so-called free world all over the globe, European statesmen have been doing exactly the opposite, and even seek to reduce what little they are spending on behalf of their own defense.

It is these European states which are directly on the firing line if there is to be trouble. It is they who are immediately threatened if any of us are threatened. In David Lawrence's *The Business Outlook*, he dwells upon the fact that European failure to make progress toward strength and self-sufficiency, is based to a great degree on the priority given the expansion of production facilities over defense. France, for example, has spent 30 percent of her budget for public works. Norway invested 29 percent of national output in new productive facilities. Public assistance for health and education has now reached 21 percent of the Italian budget as against 8 percent in 1938. Britain jumped her welfare costs from 22 percent of the budget to 32 percent, and Norway from 26 percent to 35 percent.

If social welfare is of such importance as to take precedence even over defense and security, then I submit that the American, who is footing the bill, has as much right to free wigs, toupees, false teeth, medical services, and the rest, as the European who is receiving all of these benefits through the indirect medium of American tax moneys.

INTO COURT WITH CLEAN HANDS

I do not believe in the devil theory as it is applied to human beings. I believe that the British and French are nice people. On the other hand, I would be succumbing to the prevalent hysteria if I did not also state that I believe the Russians are nice people. I believe that the Russian Government and state organization is engaged in a conspiracy against the freedom of the world, and is guilty of the crimes against humanity which we all find so hideous. But as I

have pointed out, two wrongs do not make a right; and to the degree that imperialism is an evil which cannot be mitigated because it is committed by our friends, we are not helped in the uncompromising worldwide war in which the Russians and ourselves are seeking the conquest of men's souls. One must come into court with clean hands in this struggle, and the imperialists cannot do so for the reason that they are imperialists, only in a degree less culpable than the Russians. They are incapable of a total action on behalf of freedom as we conceive it. Their own primary interests come foremost, unrelieved by any consideration of the welfare of their neighbors. They are determined at all costs to protect their own little exclusive systems, in which their vested interests, financial, political, and industrial, are anchored.

TIME TO GET OUT OF EUROPE

I do not pretend to understand altogether how Europeans have been able to acquire so hypnotic an influence over our statesmen. I only know that somehow we will have to get these people off our necks, and their hands out of our pockets. It is time for the United States to get out of Europe, and stay out.

This is a blunt evaluation, but the times call for blunt talk. If the American taxpayer, like the goose which laid the golden eggs, is not to be annihilated, we will have to return forthwith to the historic American policy of minding our own business and letting other people mind theirs.

This does not mean that we are prepared to let such an aggressor as the Kremlin run amuck in the world, any more than it did in President Monroe's time, when we put an effective end to the aggressions of imperial Europe on this continent by a simple notice that any such action would see us come in shooting. This was a much more effective instrument than the save-the-world policy we have followed in this generation, with its placating and wooing of the most ridiculous people on the even more ridiculous score that we are all equals together and are together equally supporting the great arch of civilization by "mutual aid."

SUBVERSION OF HISTORIC ATTITUDE

I repeat, I do not know how this kind of unrelieved fantasy managed to replace the historic hard-headed American policy of wariness and independence of others. Certainly it would be of the greatest corrective value if we could find out how this subversion of our historic attitude came about.

In part, it seems to have arisen as a derivative of the "make the world over" philosophy of the Marxists, in which it was conceived for us that Uncle Sam was now the appointed minister to all of the peoples. In part it is undoubtedly due to an inferiority feeling held by many Americans who believe that somehow Europe is better, more cultured, and needs to be kowtowed to. Part is due I think to the persistent and irresponsible pro-Anglicism which still sees the United States as an English colony intellectually and culturally, and which

judges our highest duty to be support of the mother country. Here we find institutions which may be suspected of being powerfully organized lobbies, such as the English Speaking Union, the Rhodes Scholarship Committee, and others.

Certainly a great part of this singular situation is due to the fact that no matter who rules this country in the top executive positions, the echelons of permanent officials underneath, especially of State Department officials, are made up of career men whose influence is not only great but decisive. It is these men who appear to know the facts and who impose the decisions in the largest measure upon their newly appointed superiors. They form a policy-making phalanx which literally needs dynamiting to breach.

THE SOCIAL INFLUENCE

In these true policy making echelons we discover that the State Department has become for practical purposes a refuge for career people of the social register. These people see their highest destiny in the acceptances provided by British and French social circles.

They possess a closer understanding of the so-called Mayfair group of London and the social rulers of the Continent than they do of the people and points of view held by ordinary Americans. In this sense they are true Cosmopolites and less American than international. Their whole life is associated with questions of social precedence and standing, so that all of their inclinations, sympathies, and ideas are propelled toward the interests of their European friends.

BIG BUSINESS BECOMES INVOLVED

Influential businessmen in this country often become putty in their hands. Their wives are dazzled by social preferment, and the businessmen themselves, if they are important enough, may be quietly taken into the worldwide cartels and given a stake in the European game. This has happened in large measure with the petroleum people, and I am afraid with others as well, so that their interests have become identified with European interests rather than with the complete and total security of their own country.

A SERIES OF MISJUDGMENTS

All of this has pitched us forward into a series of inconceivable misjudgments. One of these was the vast loan and giveaway program by which we spent some seventy to one hundred and ten billion dollars with worse than a negative result. Another has to do with the seriocomic succession of actions which destroyed our position in Asia and handed China to the Communists. Another is involved in the astounding situation in Korea, where the United States practically alone has been fighting a war in the name of the United Nations, while its so-called allies and associates continued a profitable trade in war-making materials with the enemy. Still another is the idea which has somehow been sold to American political leaders that we bear a moral obligation to the peoples of the world to raise their standard of living even at the expense of our own. Finally there is the tragic misconception that it

is the duty of the United States to maintain the trade and fiscal balance of European states, which, of course, is the same as to say that their interests are identical with ours and places us squarely on the side of their state, social, and imperial systems.

A small sidelight on the consequences of these actions may be seen in such a territory as Malaya, where we regard it as in the common interest, and perfectly normal, that Malaya should be the so-called largest dollar earner for the British Empire. The result is the outlawing of those who seek independence and freedom in Malaya, who are looked upon as the enemies of civilization, so that their energies and hopes have been turned in the direction of the Communists, who seem to them to be extending a willing and helpful hand, rather than in the direction of free republicanism and democracy.

INTERNATIONAL BOONDOGLING

Just how fully this administration has accepted such responsibilities, which it has taken over directly from the previous administration, may be read in the newspaper account that Eisenhower will go to Bermuda "prepared to give more concrete answers as to when, where, and how the United States will aid convertibility, lower tariff, increase foreign investments, permit expanded East-West trade," and so forth. Why these things are the business of the United States, since they encompass purely domestic affairs of foreign countries completely beyond our political control, is more than I can understand.

What is most astonishing is that this set of ideas has been so thoroughly sold to the American people that a discussion of them on the levels just quoted seems perfectly normal and natural, for under analysis they consist of little more than a continued shovelling out of American tax moneys on behalf of those who either will or cannot reciprocate or offer us anything in the way of a fair exchange of values.

INFLUENCING AMERICAN OPINION

Part of the position is due undoubtedly to the perfectly natural attempt on the part of our client states to protect their immense stake in the American dog-good program. For this purpose they utilize every agency of propaganda and influence which may be operated or activated on their behalf.

The British, as I have said, are able to offer relaxation of currency and permit restrictions, and other favors to private business in large portions of the globe. They can allow a quiet entry of American business into the benefits of their airtight cartel systems, dividing part of the worldwide take with influential American concerns. In widely separated areas they can allow American newspapers and news services access to intimate news sources, or exclude them. Moreover, they control the great transoceanic cable systems, so that every American news service must periodically come to terms with them on the vital question of transmission rates.

They go to great pains to influence American public opinion directly, sub-

sidizing by direct and indirect means, writers, lecturers, and publishing houses. They are even said to go to the lengths of keeping American economists, writers and others whose influence might be deemed important, under regular surveillance, examining and photographing their private papers in a cloak and dagger performance whose boldness and audacity is second to none.

Here is a matter which could easily be the subject for a congressional investigation—for it represents a direct and unforgivable interference in the conduct of internal American affairs by aliens, subjecting Americans within their own country to victimization by paid secret agents of a foreign power. This part of the British intelligence operation here is paid to operate under the cloak of a midtown New York bookstore.

By these and other maneuvers they are seeking to protect what they have grown to consider their freehold in the American economy. Their fine hand may be seen or suspected in many different directions, from the slanting of news in prominent newspapers and magazines, to a deliberate conspiracy to discredit books critical of them and the situations they have been instrumental in bringing about. This is a widely extended web and justifiedly so, Mr. President, for the stakes are very large. As we know, they run into many billions, and these people may be excused when they apply a few millions of money and some part of their traditional mastery of the arts of colonial exploitation and divide and rule, to protect themselves in the arena of American public opinion against the loss of these revenues.

OUR VULNERABILITY TO PROPAGANDA

America with its free economy is peculiarly vulnerable to these tactics, which in many respects are most difficult to trace, though in many others they are perfectly evident. Certainly as long as we continue this policy of big money handouts, and of a foolish concentration on the problems of others, the recipients of these large sums will be tempted to do at least what any first-class commercial firm would do. They will undertake the most astute public relations operation possible, involving an interference with and subversion of our sources of information, seeking to protect their own interests and to keep these revenues alive as long as possible. Who can blame them? As an American I must point out this unhealthy phenomenon as capable of wreaking great injury on the public information pattern of our country, corrupting it and destroying the faith of the individual citizen in what he reads in his newspaper and magazine and what he hears and sees over his radio and television machine. Nor do I blame these Europeans too much for succumbing to this temptation. The fault is ours, and represents a situation fully recognized in American law—that of maintaining an attractive nuisance.

Even in the case of events leading to the infamous attack on Pearl Harbor, it is proved from papers on file in the State Department, that these events were controlled and directed by British

connivance, operating with American executive compliance.

The chapter here is not a pretty one, nor is it complimentary to the quality and character of our great Nation.

At the time, the Japanese were making a desperate effort to keep from being embroiled in a war with the United States. They saw their destiny in a life-and-death struggle with the Russians on the Asiatic continent, though one may say with some sound judgment that in the end Japan would have turned ambitious eyes toward the lush island territories of the southwest Pacific, and on this count make war on us.

CHURCHILL—SHAPE OF UNITED STATES POLICY

Nevertheless, in the late summer of 1941 the great object of Japanese policy was to avoid involvement with the United States. Mr. Churchill, however, counseled an immediate showdown between the United States and Japan. Just what occurred may be glimpsed in a State Department memorandum of conversation dated August 10, 1941, and signed by Mr. Sumner Welles, then Under Secretary of State. It reads:

As I was leaving the ship to accompany the President back to his flagship, Mr. Churchill said to me that he had likewise given the President copies of these documents. He impressed upon me his belief that some declaration of the kind he had drafted with respect to Japan was in his opinion in the highest degree important; and that he did not think that there was much hope left unless the United States made such a clear-cut declaration. He said in the most emphatic manner that if war did break out between Great Britain and Japan, Japan immediately would be in a position through the use of her large number of cruisers to seize or to destroy all of the British merchant shipping in the Indian Ocean and in the Pacific and to cut the lifeline between the British Dominions and the British Isles unless the United States herself entered the war. He pled with me that a declaration of this character participated in by the United States, Great Britain, the Dominions, the Netherlands, and possibly the Soviet Union, would definitely restrain Japan. If this were not done, the blow to the British Government might be decisive.

The messages which our Government sent to Tokyo in this critical moment of history were apparently all drafted by the British. Listen to the language of Mr. Welles' memorandum. It reads:

Sir Alexander Cadogan told me before lunch that in accordance with the conversation which was had by the President, the Prime Minister, Sir Alexander, and myself at the President's dinner last night, he had made two tentative drafts covering proposed parallel and simultaneous declarations by the United States and the British Governments relating to Japanese policy in the Pacific.

The ultimatum referred to, which had been drafted by the British, was thereupon sent to the Japanese, informing them in essence that any attack on British interests in the Southwest Pacific would lead to war between the United States and Japan.

"THE PRESIDENT WAS OBDURATE"

I quote now from William B. Ziff's book, *Two Worlds*:

The Japanese attempted a desperate play for time. The usual diplomatic double-talk ensued in which Tokyo endeavored to

give assurances of its peaceful intentions toward the United States.

The President was obdurate. The Japanese envoys were informed that "the country is replete with anti-Japanese sentiment." The impression was left that only the President and those immediately around him were holding out for peace.

The conversations were finally broken off, and the Japanese vainly attempted to resume them.

Now listen to Mr. Roosevelt's telegram to Churchill of August 18, 1941. It reads in part:

On August 17 I sent for the Japanese Ambassador, and the Secretary of State and I received him. I made to him a statement covering the position of this Government with respect to the taking by Japan of further steps in the direction of military domination by force, along the lines of the proposed statement such as you and I had discussed. The statement I made to him was no less vigorous than, and was substantially similar to, the statement we had discussed.

How far we were willing to go in this game of back-the-British was made further clear when under date of August 26 the Japanese Prime Minister, Prince Konoye, urgently wired the President urging a personal meeting between the two of them, suggesting Hawaii as the place. The President replied with a prize piece of sophistry to the effect that "Hawaii is out of the question, for according to the Constitution the President must sign bills passed through the Houses of Congress within 10 days, and I cannot have the Vice President do it for me." When one considers this reply in the framework of President Eisenhower's trip to Bermuda for the purpose of considering the facilitation of British imperial and other European interests, the implications can hardly be questioned.

It is fully clear throughout these conversations that the mouth which spoke was the mouth of the United States, but the voice was the voice of Downing Street. For the second time in the history of our country we had deliberately abandoned our historic policy and intervened in the affairs of the Old World.

BOUND BY SILKEN CHAINS

The silken chains which bound us to the British Empire, its associates on the Continent, and the pursuit of the traditional British objective of balance of power, have never since been broken. Each zig and zag of British political need, objective and conviction, has found our Nation following faithfully in line, so that we seemed to have lost completely our capacity for independent action. All of this was immeasurably facilitated by the pro-Anglican group in the State Department, which saw in the rescue of Great Britain and her Empire, the first line of defense and the first duty of the American people.

ABANDONING OUR FRIENDS

It is from the basis of British importuning, and willing American acceptance, that one must read such totally improbable acts as our abandonment of the Polish Republic in favor of the Russian Communist usurpers, our desertion of the Yugoslav state which had stood loyally on our side during the harsh, early days of the war, in favor of the

Communist upstart, Tito; and our abandonment of the Chinese Republic with its wholly disgraceful and incomprehensible chain of following events, reaching from General Marshall's demand that the Communists be taken bodily into the government, to the physical rape of Manchuria, which was handed over to Russia and subsequently to the Russian creature, Mao Tse Tung, together with all of the immense captured Japanese war supply there; and finally that last enormity in which we agreed to the isolation and ostracism of Chiang Kai-shek, the lawful head of the Chinese Republic, castigating him as a criminal in a silly and infamous white paper which for practical purposes designated the Chinese Republic as an outlaw government which had richly deserved its fate. And now for the sake of trading profits, we are being high-pressured into a total recognition of the Red Chinese regime, involving the humiliation of seating these criminals in the Security Council of the United Nations, and of handing them Formosa to boot.

MEETING IN BERMUDA

Nay, more, we have agreed to hold a tristrade meeting in Bermuda for the purpose of making major world decisions, at which the United Nations and its much vaunted international legalities will be ignored as if they did not exist. Instead, the President of the United States is committed to meet with the Prime Minister of the British Empire and the Prime Minister of France, if the government of the latter country is able to pull itself together and select a new one. Here the plan is frankly avowed by Mr. Churchill, at whose insistence the meeting is being called, to hold another and subsequent meeting with Prime Minister Malenkov of Russia, whose word cannot be trusted and whose nation has never fulfilled an agreement during the entire history of Soviet control.

We have Yalta, Teheran, and Potsdam to remind us that the Russian word is worth nothing. We have the wanton murder of the 30,000 Polish officers in the Katyn Forest in an attempt to break the back of the Polish Republic which the Soviets had sworn to respect. We have a continuous evidence of dishonesty and dishonor, including the deliberate attempts to steal our state secrets and to sabotage our Government for the purpose of its ultimate destruction. In short, we are to start another series of endless and hopeless discussions such as those at which we have already been 2 years at Panmunjom, and which will only end when the Communists conceive it to be in their interests to do so.

THE DEAL WITH RED CHINA

It is known that the French and British will demand of our President at Bermuda that we wash out on Chiang Kai-shek, as we abandoned Premier Mikolajczyk of Poland and Michaelovich of Yugoslavia, making a fullscale deal with the barbaric Chinese Reds, seating them in triumph on the Security Council of the United Nations and thus giving them the greatest moral victory in an area where face is the most important fact in life. We are to turn over the strategic

island of Formosa to the Reds, and are to allow full scale dealings in machinery, jigs, dies, and strategic materials of all kinds with which the Communists can build up their military apparatus for a new assault upon the world. Moscow and Peking are even to be offered special "security guaranties against aggression."

To the Chinese Communists who believe only in the efficacy of unlimited force it could hardly appear that we are determined to stand by our convictions, or, indeed, that we have any convictions to stand by. It must seem to them that we are as weak and soft and decadent as Soviet inner propaganda has always contended, and that unyielding audacity on their part will surely carry the day.

Churchill has another and more fundamental idea up his sleeve, that of a continuing tripartite high command for the purpose of coordinating Western policies. The United Nations again will be conveniently forgotten. A committee of three, involving France, England, and the United States, will determine everything. Americans, in short, who will be expected to put up the men and the money as usual, will only have one-third of the vote, and, in effect, will yield themselves to the mercies of supergovernment without even the rights citizens normally possess to express a controlling opinion at the polls.

SIR WINSTON'S GREAT SCHEME

By this giant, ambitious scheme, Sir Winston seeks to restore his country from a fourth-rate power to one of the three leading nations of the world. His attempt to do so is intended to be the last magnificent act of an already amazing career. This achievement obviously rests upon a variation of the historic British policy of make-weight, in which Great Britain is to become the pivoting point between the two great antagonistic giants, the United States and the Soviet Union, keeping the two at each other's throats, or in equilibrium, as the balance-of-power theory demands. Thus, Churchill will cause Britain to move up from the role which makes her only a minor ally of the United States, with London slated to become coequal as one of the three true forces of the world.

BERMUDA, A NEW MUNICH?

Bermuda is in a fair way to become a second and perhaps, irrecoverable, Munich. As understandably eager as the American people are for a cessation of hostilities in Korea, the present position does represent a victory for the Russian peace drive. It is an integral part of strategic Russian policy. Moscow has gotten across the idea that it is only the United States that wants war, that Americans are the true warmongers, and that they are trigger-happy, economic royalists, and a new edition of Uncle Shylock.

All of these ideas have been helped along mightily by British politicians such as former Prime Minister Attlee, and by their comrades on the Continent. Europe is shot through with eagerness to accept Russian assurances at face value, and to look on Americans as dangerous saber rattlers.

I should like to read a quotation here from the New York Post of June 5, 1953, which asserts that Secretary Dulles has ideas different than he has so far informed the Congress. The Post declares:

He told intimates, for example, that he * * * envisaged settling the Korean war somewhere short of the Yalu boundary, dumping Chiang Kai-shek, turning Formosa into a UN trusteeship, and permitting China to enter the U. N. In return, China would have to grant genuine peace in Korea and Indo-China.

The Communists declare openly in their teachings that bourgeois morals are but a scheme to protect "the exploiters," meaning of course all those who have any stake in our kind of civilization. Is Mr. Dulles so naive as to pretend that the word of people like this can be trusted?

What is coming out of Panmunjom is still mysterious, but anxious as I am to have us get out of the ugly situation in which we have been mouse-trapped so long, I view the antecedent deal pressed on us by the Europeans and their friend, Mr. Dulles, with the deepest misgivings.

Just exactly what deals have been made and what assurances given, which are not visible on the surface of these arrangements? The Chinese Communists seem very sure of themselves, and a week before we had come to anything like a conclusion, were publicly assuring their people that the truce was a physical fact.

And why should the Communists who have been hedging and sabotaging the truce discussions, dragging it on for years with meaningless verbal pyrotechnics, suddenly wish peace now?

SOVIET OBJECTIVES

I have heard it said for one thing that Peking is in serious economic trouble, that large parts of the country are facing famine as the result of floods, frosts, and crop failure. They are meeting increasing resistance in their program of land nationalization. Their whole internal economy is shaky, and they desperately need a breathing spell. The anti-Russian student riots in Czechoslovakia may be symptomatic of serious unrest throughout the Soviet empire. The big fight over who exactly is to be the inheritor of Stalin is still far from decided, and there must be much internal nervousness within the Communist hierarchy as a result.

There are undoubtedly other reasons. Korea has served its purpose, and the Chinese like the Russians, urgently need the help of western industrial countries to strengthen their industrial and military machine. They need both raw materials and machinery. Even if conquest of the West is an irreducible part of their design, they can now figure that time is on their side. Europe through its eagerness for commercial profit will be a willing Soviet-bloc captive. So, for that matter, may be Japan.

Thus the principal next objectives will be sought as bloodless accomplishments, even perhaps the conquest of that rich prize, Indochina and southeast Asia. The French have practically served notice on us that they cannot undertake

further to defend their portion of this area, for the war is very unpopular at home and is embarrassing to the politicians there. We are already spending half a billion dollars a year in Indochina, but the French now expect us to take over the entire burden, including that of needed manpower.

In southeast Asia, Indonesia seems ripe for Communist plucking; India and Africa will be energetically agitated, while we are being lulled asleep in the fool's paradise of a Communist truce. Then there is the question of the German and Austrian settlements in which Moscow holds the whip hand. The Kremlin, with the help of our United Nations associates, will demand that all foreign troops leave German soil and that Germany become united. This will be very popular with Germans and will mean our retreat across the ocean, while the Russians poise themselves directly across the German border as a continual threat. Their East German State will provide the hard core for a determined assault to reduce Germany from within, while at the same time in a world closed to them by sterling bloc and other conspiracies, the giant factory and industrial sectors of Germany will be seduced by the offer of unlimited eastern markets.

AFTER THE TRUCE—WHAT?

In Korea itself we will occupy the most uncertain of military positions, trying to hold onto a fringe area on the very edge of Asia. We will have appeared to have abandoned Rhee and his Koreans just as we abandoned Chiang. The Koreans, a patriotic people who fought superbly on our side while their country was undergoing inconceivable devastation, have been promised unity. Now the northern and industrial half of their country is about to be relinquished to the Chinese strangers who occupy it. Is it too much to expect that they will believe themselves victimized and cheated, and will join the ranks of the Asiatic myriads who have learned to hate us?

Already Korean students have been reported parading the streets of Seoul, shouting angrily, "Yankee, go home."

The armistice machinery is to be administered by 5 so-called neutral nations—India, Czechoslovakia, Poland, Sweden, and Switzerland—2 of which are Soviet satellites, and al of whom recognize the Chinese Red bandits as the legal government of China and maintain diplomatic relations with her.

Presumably the Chinese forces will take time off for a long-term buildup, in which an effort will be made to confront the American lines with an overwhelming concentration of air strength.

The half dozen invaluable islands lying off the coast of north Korea, and which we now occupy as radar-screen sites, are to be evacuated by us.

Meanwhile, we will have to keep our troops in Korea, for this uneasy truce is in no sense a total peace. It is only a temporary standoff, whose very terms are certain to be violated by the enemy at any time he sees fit.

All of this to Asiatics has very much the ring of a United States defeat by a third-rate opponent and can do us little

good. In return for letting us off the hook, we are expected to stop our opposition to all-out trade in strategic goods, which is to say, our alleged warmongering. We also will be allowed to dump still more billions of the American tax moneys into the rehabilitation of Korea.

UNKRA

For this purpose, there will be established under the very auspices of the United Nations, whose members ran out on us during the period of hostilities, an agency called UNKRA, which is expected to sock the American taxpayer for a sum unnamed, but frankly described as "staggering" even in this era of unlimited subsidy.

I submit that it is high time that we reexamine the entire position in the light of our own direct interests as a nation and with regard to our abilities to make our goals good. As far as I am concerned, the United Nations is a self-evident delusion. The concept of collective security broke down entirely in Korea.

What is left?

Until the day that we are organized into a true world community, or into a true western community which can operate under law by sanction of its citizens, we have no business in any foreign involvements not beamed directly at the welfare of the United States and its people. The only proper function of government as far as the people of the United States are concerned is the benefit of the governed, and not that of peoples in faraway foreign places over whose actions we have no control whatsoever. Since a true world community does not yet exist, we must realistically meet the world situation as we find it.

SAVE THEM FROM THEMSELVES

From the beginning I voted against the save-the-world psychology, and against involvement in affairs abroad where our own interests were not directly concerned. It seemed to me that Europeans should take care of themselves, and were more likely to do so if we did not constantly intervene to rescue them from the result of their own bickering, and incessant quarrels and wars, hot and cold. I voted against the British loan, against the United Nations program, and against the entire sequence of events which has taken us to the very verge of insolvency and brought us from a position of the greatest possible strength and power to one of increasing vulnerability and weakness. At the time I was attacked violently as an isolationist, I was caluminated as an idiot and a scoundrel, and in the supercharged air of those tense times, found myself even without the support of my own party.

It was a point of view which despite every intimidation and demand, I would not recede from. It is a record I am proud of. I ran for reelection on that record in the State of North Dakota, and was returned to office with the biggest majority in the long history of my public life.

THE PEOPLE WANT A CHANGE

I say here and now to you, my colleagues, that you underestimate the

position if you do not know that the people of our great country are fed up to their ears with this Alice in Wonderland system of international polity. They thought they were making a major change when they elected the Eisenhower administration to office. They feel, as I have declared, that the only proper function of Government in America is the material interests of Americans, and that it is neither our duty nor right to make ourselves responsible for the welfare of all the other peoples of the world.

The people of this country, Mr. President, wish relief from the crushing tax burden with which they are increasingly confronted. They wish to be able to send their children through college and to achieve the results of their own labor in security, welfare, and satisfaction.

They want a solvent America, an America interested in the world around it, but which also knows how to mind its own business.

They want a strong America, and they feel and believe as I do, that America, strong, resolute, and devoted to its own interests, will find natural allies the world over. Under any circumstance we no longer can temporize with our own future in this wastrel and fruitless effort to underwrite and save from its own folly the entire world.

SHALL WE ENLARGE THE UNION?

If it is necessary for us to accept responsibility for the economic and political well-being of other states, let us at least insist on having some voice in the policies to be followed by these states.

Let us have a frank vote on the matter to see if this is the purpose of the American people, and if the American people so approve, let us place the matter before the British people, or others, seeking a merger of our countries under a new system of overall law in which the obligations and responsibilities of each citizen will be equal to that of every other, as well as his rights and benefits. If we wish to remain as we are, let us do so without messianic complications; but if it is our intention to adopt foreign states as our wards, let us extend an invitation to them to join us in a common brotherhood. Whatever we do, the principal must be based on the erection of law from organic causes, on the ability of the entire union to operate on the federal principle, by which the citizen who receives the benefit of the union is himself committed to its support, with his moral force, his taxes, and, if necessary, with his body.

This principle of duties of the individual toward the state, as well as his right to protection and security, is one of the keystones to our Government. If we are to extend the benefits of our resources and great inheritance to others, let them not be encouraged to play the role of monte bank to our drunken Santa Claus. They should be expected to stand with us as men, shoulder to shoulder, in the great struggle for a decent, a secure, and an honest world. If this situation cannot be brought about, either because it be rejected by the American people or by the others, our only remaining course is to look to our

weapons and to mind our own affairs as much as we can.

BILLIONS—WITHOUT DEFENSE

Here again I cannot understand the rationality of a course which squanders its billions abroad in an effort to raise the living standards of other people, yet cuts down on vital Air Force commitments designed to protect our own Nation. This is a program which seems to make very little sense.

The Citizens Advisory Committee, appointed by former Defense Secretary Robert A. Lovett, has just made public a statement that the Nation's air defenses must be increased sharply to guard against the threat of an atomic attack. Russia is already capable of a ruinous surprise attack on our cities. The committee had reviewed the report of a group of Massachusetts Institute of Technology scientists who declared that America was very vulnerable to such an assault and recommended an urgent multi-billion-dollar program to strengthen our air defenses, using the latest in technological and scientific means. Yet the administration has cut \$5 billion from the Air Force fund, so that there will have to be fewer Air Force wings than had been planned for the end of the year 1955.

This means of course also that vital research and development funds are to be radically reduced, a fact which the Defense Department has currently acknowledged.

CUTTING OUR AIRPOWER

Again I say that there is no responsible figure who understands the aviation situation, and who is not appalled by this action, which has been imposed at a moment when the Soviet development in the air is known to already overbalance ours. Yet the spokesmen for the administration tell us that despite this cut, we will get even more airpower than if the cut had been allowed to remain, implying that what has been cut was actually waste.

This of course is gobbledegook, for the fact is that we will have to cut down radically on the whole plane-building program for the next 2 years. The construction of an air force and an air defense requires many years of planning in which much of the activity remains for long periods in the blueprint stage. The present retrenchment will mean a cut of almost 50 percent in appropriations specifically earmarked for new planes and equipment, and it will take years for us to recover from the actual regression in defense efficiency this course will force on us.

I should like to add to these remarks the observation that I disagree vigorously with the entire theory which proposes a great land army of citizen inductees. This is an antediluvian concept which does not belong in present technological age. It bears no recognizable relationship to our own capacity for defense, nor does it make the most of our superiority which is one of machines, training, and high intelligence.

The Army's own General Collins testified in October 1949 before the House Armed Services Committee that in future wars there is not likely to be any

close large-scale amphibious operation of the type that we conducted in the past war. In respect to such a large-scale invasion, General Bradley informed the committee that "frankly, the atomic bomb properly delivered almost precludes such a possibility."

Actually, all the authoritative elements in American public life, including those from the Pentagon, in the discussions which followed after the recall of General of the Army MacArthur, agreed for once—conceding that it was impossible for any forces at our disposal to physically invade China by land, with prospects of success. We simply did not have the manpower, nor could we efficiently transport all of the troops and materiel required, even if such manpower existed.

THE BIG-ARMY ILLUSION

A huge army of conscripts would be desirable only if we anticipate a war with Mexico or Canada. For practical purposes they are useless as a defense agency against faraway nations, since it is impossible to visualize any foreign state bringing to our borders legions of men of sufficient strength and weight to require such a ground defense. The existence of this great military force is actually a burden upon the Nation. Their presence abroad in Europe represents only a leeching of American resources for no purpose.

In Asia we have no business with ground troops at all, for no possible long-range decision can be gained by us in this way.

OUR TECHNOLOGICAL SUPERIORITY

These boys should be where they belong, in school, or working at some productive occupation helpful to the American economy. The Engineering Manpower Commission has stated itself to be deeply concerned over the magnitude of the impending shortage of engineers and scientists, and its probable consequences to the national health, safety, and interest. When we break up the schooling of these boys in order to equip them with rifles and hand grenades, we are foregoing our major national advantage which derives from science, manual skill, and our superb technical command over the forces of nature.

It is our great technology and science which will make this Nation safe against attack, and not immense masses of soldiers, who can be competed with on the battlefield by far greater masses of semi-barbaric Asiatics and others. It is rather for us to take the fullest advantage of our technological superiority if this Nation is to receive its greatest guarantee of future security. Most of this, it appears to me, lies in the air and in our command over the air ocean which bathes all continents. Here lies our security, and in a morally-strong America, capable of fulfilling the hopes of her citizens in their individual welfare and that of their families. If they have this to defend, instead of a crushing burden of debt, they may be relied on to defend it.

Mr. WILEY. Mr. President, I call up my amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Wisconsin.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the amendment be restated.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 9, in line 15 and in line 22, in each instance it is proposed to strike out "10" and insert in lieu thereof "25."

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for a quorum call be rescinded, and that further proceedings under the call be dispensed with.

The PRESIDING OFFICER (Mr. BENNETT in the chair). Without objection, it is so ordered.

ORDER FOR RECESS

Mr. KNOWLAND. Mr. President, I ask unanimous consent that when the Senate completes its business tonight, it recess until tomorrow morning at 10 o'clock.

For the information of the Senate, it will be recalled that it has been previously agreed that immediately following the quorum call tomorrow morning at 10 o'clock, there will be memorial services and eulogies for the late Senator Willis Smith of North Carolina.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

MUTUAL SECURITY ACT OF 1951, AS AMENDED

The Senate resumed the consideration of the bill (S. 2128) to amend the Mutual Security Act of 1951, as amended, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wisconsin [Mr. WILEY].

Mr. DIRKSEN. Mr. President, I believe there should be an explanation of the amendment. If I read it correctly, it provides for a transfer of 25 percent of the funds available under section 101 and also section 541 of the bill. If my arithmetic is correct, the aggregate involved is something over \$4,600,000,000. Therefore, the amendment provides for discretion in the President to transfer between the various items and chapters in the Mutual Security Act almost \$1,200,000,000. That is a large sum of money for which to provide for discretionary transfer. It is an increase from 10 to 25 percent.

Certainly I would not feel warranted in approving that kind of proposal, since it comes before us as an amendment from the floor, unless there is adequate explanation to justify it.

Mr. WILEY. A statement as to the reason for this amendment was largely made heretofore. The Senator from

Georgia [Mr. GEORGE] and I discussed the matter informally in the committee. Conditions on the world perimeter since the bill first was considered have changed, and it was the judgment of the Senator from Georgia aid myself that the world situation was such that there should be greater discretion placed in the Commander in Chief, especially because it is believed that conditions are eruptive in many places on the globe.

I shall not try to make an exhaustive argument in favor of the amendment; I shall merely endeavor to present the case briefly. I feel that the Chief Executive is the spearhead of foreign relations. When we vote up to \$5 billion for economic and military aid, much of which will be spent for offshore procurement, in connection with which conditions might arise in country X in Europe because of which it would be advisable immediately to distribute somewhere else in Europe at least 25 percent of what we had in mind for country X.

This afternoon the picture with respect to Indochina was given to us very dramatically by the distinguished Senator from Illinois [Mr. DIRKSEN] and the distinguished Senator from Massachusetts [Mr. KENNEDY]. That is an example of a place with respect to which it might be very important in the mind of the Chief Executive, or the Commander in Chief, to take steps which would involve transferring more than 10 percent from one area to another or from one item to another.

Mr. President, I should like to see the Senate conclude consideration of the bill. It has been suggested that I modify my amendment to 15 percent. I agree to modify it accordingly. I feel that it is imperative that the President should have larger discretion. I feel that it is in the interest of the public safety. So I modify my amendment accordingly.

Mr. JOHNSTON of South Carolina. Mr. President, we are dealing with a question which involves expenditures in the neighborhood of \$5 billion. First it is said that probably there should be authority to transfer 25 percent of that amount here and there. Then it is said, "No; we will drop it down to 15 percent, which we will allow to be transferred from one place to another."

That shows that in reality we do not know exactly what we are doing. For that reason I think we should look into the question more thoroughly. I doubt whether a quorum is present, so I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FERGUSON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. FERGUSON. Do I correctly understand that the amendment of the Senator from Wisconsin has been modified to 15 percent instead of 25 percent? Is that what we are about to vote on?

The PRESIDING OFFICER. The Senator has modified his amendment and reduced the figure to 15 percent.

Mr. FERGUSON. I hope the Senate will adopt the 15 percent figure.

Mr. LONG. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LONG. The Senator from South Carolina [Mr. JOHNSTON] suggested the absence of a quorum. Is the clerk calling the roll for a quorum?

The PRESIDING OFFICER. The clerk is calling the roll for a quorum.

The rollcall will proceed.

The legislative clerk resumed the call of the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for a quorum call be rescinded, and that further proceedings under the call be suspended.

The PRESIDING OFFICER. Is there objection?

Mr. McCARRAN. I object.

The PRESIDING OFFICER. Objection is heard. The Secretary will continue the call of the roll.

The legislative clerk resumed and concluded the call of the roll, and the following Senators answered to their names:

Aiken	Hennings	Mundt
Anderson	Hickenlooper	Murray
Barrett	Hoey	Neely
Beall	Holland	Pastore
Bennett	Humphrey	Payne
Butler, Md.	Hunt	Purtell
Carlson	Jackson	Robertson
Case	Johnson, Colo.	Russell
Chavez	Johnson, Tex.	Saltonstall
Clements	Johnston, S. C.	Schoeppel
Cooper	Kerr	Smathers
Cordon	Kilgore	Smith, Maine
Dirksen	Knowland	Smith, N. J.
Douglas	Langer	Sparkman
Dworshak	Lehman	Stennis
Eastland	Long	Symington
Ellender	Mansfield	Thye
Ferguson	Martin	Watkins
Frear	Maybank	Weiker
Goldwater	McCarran	Wiley
Gore	McClellan	Williams
Green	Millikin	Young
Hayden	Monroney	
Hendrickson	Morse	

Mr. SALTONSTALL. I announce that the Senator from Ohio [Mr. BRICKER], the Senator from New Hampshire [Mr. BRIDGES], the Senator from Connecticut [Mr. BUSH], the Senator from Nebraska [Mr. BUTLER], the Senator from Pennsylvania [Mr. DUFF], the Senator from Vermont [Mr. FLANDERS], the Senator from Nebraska [Mr. GRISWOLD], the Senator from Indiana [Mr. JENNER], the Senator from California [Mr. KUCHEL], the Senator from Nevada [Mr. MALONE], the Senator from Wisconsin [Mr. McCARTHY], the Senator from Michigan [Mr. POTTER], and the Senator from Ohio [Mr. TART] are necessarily absent.

The Senator from Indiana [Mr. CAPEHART] is absent on official business. The Senator from New Hampshire [Mr. TOBEY] is absent by leave of the Senate.

The Senator from New York [Mr. IVES] is absent by leave of the Senate, having been appointed a delegate to attend the International Labor Organization Conference at Geneva, Switzerland.

Mr. CLEMENTS. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Georgia [Mr. GEORGE], the Senator from Iowa [Mr. GILLETTE], the Senator from Alabama [Mr. HILL], the Senator from Massachusetts [Mr. KEN-

NEDY], and the Senator from Washington [Mr. MAGNUSON] are necessarily absent.

The Senator from Texas [Mr. DANIEL], the Senator from Arkansas [Mr. FULBRIGHT], and the Senator from Tennessee [Mr. KEFAUVER] are absent by leave of the Senate.

The PRESIDING OFFICER. A quorum is present.

Mr. KNOWLAND. Mr. President, with the modification, which has been accepted by the Senator from Wisconsin, raising the transferability from 10 to 15 percent, rather than to the 25 percent as originally proposed, it seems to me that the amendment should be acceptable. I believe we have seen in the past few weeks, since the proposed legislation was originally introduced, significant developments taking place in Berlin and in East Germany. There have been rumors of similar events taking place in Czechoslovakia and Poland. No person is wise enough—nor does anyone have a crystal ball—to know precisely what developments may take place in other areas behind the perimeter of the Soviet Union. There might be a major upheaval even inside Red China. There might be one in the Soviet Union itself. Similar developments might take place in Bulgaria, Hungary, Rumania, or Albania.

It seems to me, with this highly fluid world condition confronting us, our Government, particularly those charged with the conduct of our foreign policy, should have a degree of flexibility. With the modification which has been accepted by the Senator from Wisconsin [Mr. WILEY], it appears to me that 15 percent would not be too great a sum with which to meet developments which no one can foresee or know about. Certainly we have had some advance warnings of restlessness behind the Iron Curtain.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wisconsin [Mr. WILEY], as modified.

The amendment, as modified, was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

ORDER TO RETURN TO THE PRESIDENT THE TREATY OF FRIENDSHIP, COMMERCE AND NAVIGATION BETWEEN THE UNITED STATES AND COLOMBIA

Mr. WILEY. Mr. President, as in executive session, from the Committee on Foreign Relations, I report favorably an order, and ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. The order will be read.

The Chief Clerk read the order, as follows:

Ordered, That the Secretary of the Senate be directed to return to the President of the United States, as requested in his message to the Senate under the date of June 22, 1953, the treaty of friendship, commerce, and navigation between the United States and Colombia, signed at Washington April 26, 1951, and submitted to the Senate on

June 13, 1951 (Senate Executive M. 82d Cong., 1st sess.).

The PRESIDING OFFICER. Is there objection to the present consideration of the order?

Mr. GORE. Mr. President, reserving the right to object, will the distinguished chairman of the committee, the senior Senator from Wisconsin [Mr. WILEY], give us an explanation of it?

Mr. WILEY. The President of the United States has communicated to the Senate a request that the proposed treaty of friendship, and commerce, and navigation, between the United States and Colombia be returned to the President for further negotiation, and so forth. That is all there is to it.

Mr. CHAVEZ. Mr. President, reserving the right to object, if the treaty has been entered into, presumably it was entered into on behalf of this country by its authorized representatives.

Mr. WILEY. By the State Department, I presume, and by the President of the United States. However, the treaty was never consummated. It was sent to the Senate for action by the Senate. While we were considering it the President asked that it be returned.

Mr. CHAVEZ. He wanted to review it?

Mr. WILEY. That is correct.

The PRESIDING OFFICER. Is there objection? Without objection, the order will be entered.

MUTUAL SECURITY ACT OF 1951, AS AMENDED

The Senate resumed the consideration of the bill (S. 2128) to amend the Mutual Security Act of 1951, as amended, and for other purposes.

Mr. DIRKSEN. Mr. President, this afternoon I made some rather extended remarks on the pending bill and on my observations abroad. Notwithstanding the fact that I used rather generously of the time of the Senate, there was no opportunity to emphasize one aspect of my trip and my observations which relate to Formosa.

The reason I take the time and trespass upon the grace and good nature of the Senate at this late hour is because I have some amendments to offer to the pending bill. Incidentally I may say to the Senate that I have 5 or 6 amendments which I intend to offer during the course of the evening, which I shall discuss as best and as persuasively as I know how.

However, for the moment, at least, I shall confine myself to the Island of Formosa and shall try to delineate somewhat its importance in the scheme of things.

The Island of Formosa is located many thousand miles from this country, and is about as large as the State of South Carolina. Yet within the confines of that little island are some 10 million people. There is on the island an army of 600,000. There are also nearly 1 million refugees from the mainland of China. Then, of course, there is also the static population of Formosa itself. That fact presents quite a problem.

I am afraid that we make the mistake of thinking of Formosa as the springboard or jumping off place for a possible invasion of the China mainland, in some distant day. The fact is that Formosa has a far larger significance to this country. It was the springboard from which Japan attacked and finally conquered Indochina. It was the springboard for Japan's attacks everywhere in the Pacific.

If I were to attach to Formosa the real significance it has at the moment, it would be that it is only 400 miles from our installations in Okinawa, only 900 miles from Japan, and probably 800 miles from the Philippines. It is in truth and in fact one of the great bastions this country has in the Pacific from which properly to defend and protect this country's defensive line in the far Pacific.

During the visit we made to Formosa we had an opportunity, first of all, to inspect the military establishment of Chiang Kai-shek. I can say to the Senate that I have probably never seen finer soldiers. They average 27 years in age, and most of them are in very fine physical condition. Because they are there and because they are in our corner, so to speak, and because Formosa is so important to the American stronghold in the Pacific, we have some interest in the maintenance of that army.

I saw their field exercises, conducted under the very capable Gen. Sun Li Jen, who holds an engineering degree from Purdue University and who received his military education at the Virginia Military Institute. He is a great commander in every sense of the word.

Here is an army that is probably receiving the best training ever accorded an oriental army. The only thing that distresses me about it is the fact that very few of the Formosan divisions are equipped with good shoes which would stand up on long marches. Many of them are shod with canvas sneakers, which obviously are no protection to the feet. So if they were called upon to perform some rugged duty, the chances are that a great many of the soldiers would be immobilized. I believe this is a matter that ought to be taken into account because, first of all, there is an opportunity to manufacture shoes in Formosa. The swine population of the island is about 2½ million. They have saved the hides for a long period of time. However, they have no shoe machinery with which to process the hides in order to provide their soldiers with leather shoes. So there should be taken into account in connection with economic aid to Formosa—shoes—but, more important still, shoe-manufacturing machinery, because the people there have a highly developed industrial capacity.

I may say to the Senate that as one goes abroad in the world, he discovers that there are hostile operations in many places. On a large island called Kingmen, 2,000 yards from the Chinese mainland, there are 4 or 5 divisions of Chinese Nationalist troops, some of the finest I ever saw. They took over a barren island and made it bloom like the rose. Never did I see finer gardens for the subsistence

of troops who had to develop them in the native soil. We landed there by airplane on Saturday morning. But, Mr. President, the strange thing was that on Sunday afternoon Kingmen Island was shelled from the mainland by 105 millimeter howitzers. Such incidents are not reported in the newspapers, but they indicate that today there is very active and energetic hostility in that part of the world, and it cannot be blinked if our country attaches to Formosa the significance which I think it very richly deserves.

I should say of the Mutual Security Administration personnel there, that I think they are of a high order, and have done a rather good job. Of course, I think there are some things we must do for Formosa if we are to make it in truth and in fact the bastion it should be. One of those things, of course, is to make funds available for resource exploration. One of their needs is petroleum, which, after all, is the essence of modern warfare. There is some hope that offshore of Formosa there may be some petroleum resources. So I suggest, as an amendment to the bill, on page 2, in line 24, after the word "assistance"—meaning economic and military assistance—that there be inserted "including the exploration and development of mineral and petroleum resources."

If there is oil there, it is certainly worth a gamble of a quarter of a million or a half a million dollars of our money, because if that exploration effort were successful, it would save us many times that amount. I am advised that a California company is willing to undertake the exploration there, even though at the present time the laws of Formosa probably are not on the beneficial side for outside equity capital or exploration capital. Notwithstanding that, the California company is willing to undertake that job. I earnestly hope that when this amendment is submitted, it will find favor with the Members of the Senate.

Now let me advert to a point into which I looked rather thoroughly. Mr. President, it is amazing to find that able-bodied soldiers 25 to 27 years of age, in their prime, will exist on cereals and oil and will receive only perhaps 25 or 27 ounces of protein in an entire month. That would not suffice an American soldier a single day. If we expect not only to subsist but to maintain the vitality and energy of an army that is definitely in our corner, and that is under very capable and compelling leaders, we should be sure that the subsistence of those troops is such that their vitality will be maintained. How shall that be done? They can subsist on fish. Although there are fishing boats there, no refrigeration is available. Fish will not keep from the time it is brought into port until it is taken into an inland area, particularly in the warmer climate. I have suggested to our officials there and to the President and the Secretary of State that we should think earnestly about providing refrigeration, and perhaps mobile refrigeration, so as to make sure that the fish catch, which is high in the protein those soldiers need, will reach the proper place, so it can be utilized to supply them energy.

Mr. President, a moment ago I said that today the soldiers there in some instances are wearing canvas shoes. There is a great need for canvas for tarpaulins, belts, shoulder packs, and similar articles. Those people need funds so as to be able to equip properly a small plant, for which purpose only a very modest investment will be needed, in order to make sure that canvas will be fabricated there.

I examined with our own officials the need for warehousing. How acute the shortage is I am not prepared to say, although I think there is some shortage. They insist they, at least, need enough warehousing, in the form of the large kind of Quonset huts, so as to make provision for 204,000 metric tons of supplies and equipment.

Then there is the question of commodities. I intend to offer to the bill an amendment which will read as follows:

On page 4, in line 5, strike out the quotation marks after line 5 and insert:

Notwithstanding any other provision of existing law, the President is authorized and directed to make available, within the appropriation made in pursuance of this section, to the countries included under title III—

In other words, the countries in the Far East—

such surplus commodities now owned by the Commodity Credit Corporation as may be useful for direct aid purposes, including but not limited to peanut oil, soybean oil, lard, butter, peanuts, soybeans, wheat, and cotton. Not to exceed \$25 million is hereby authorized to be appropriated for payment to the Commodity Credit Corporation for its investments in such commodities, including the handling costs, plus the costs incurred in making deliveries hereunder.

Mr. President, if we are to take commodities from the Commodity Credit Corporation, there must be reimbursement. I have lived a long time with the Commodity Credit Corporation law, including the time when I served on the Subcommittee on Agriculture, in the other Body. I know that under that law the Commodity Credit Corporation must report to Congress each year its losses, and then must request an appropriation, which becomes mandatory, for the purpose of repairing its capital structure.

This amendment contains a limit; it includes provision for not to exceed \$25 million, with which the Commodity Credit Corporation will be reimbursed for investments or costs, and then that amount of commodities shall be available to the President, for such disposition as he shall see fit to make.

Mr. President, I heard some rumblings and some discussion this afternoon of a bill which would give the President a free hand with respect to most surplus commodities. I think that bill goes a little far. It runs to June 30, 1955, and does not contain a limit. I think there should be a limit.

But today the people of the Orient, who represent a great hope for our country, need oil. They can use lard or butter. They can use cotton, and they need it. They can use wheat, and they know how to process it. They know all about soybeans. So I have particularized, without limiting the quantity

or without limiting the variety, the things in which I think there will be a necessary interest. We can do those people a good turn, and at the same time can do ourselves a good turn, by disposing of some of these commodities to areas where they will be most constructively used.

Mr. WILEY. Mr. President, will the Senator from Illinois yield to me?

The PRESIDING OFFICER (Mr. BENNETT in the chair). Does the Senator from Illinois yield to the Senator from Wisconsin?

Mr. DIRKSEN. I yield.

Mr. WILEY. Will the Senator from Illinois please state again the items he listed in connection with his amendment?

Mr. DIRKSEN. Yes. I ask that the following language be noted:

Including, but not limited to, peanut oil, soybean oil, lard, butter, peanuts, soybeans, wheat, and cotton.

Soybeans are protein. Peanuts are protein.

Mr. WILEY. Yes. But it does not specifically include the tremendous supply of milk which has been produced, does it?

Mr. DIRKSEN. It does not particularize milk, but it does not exclude milk, I will say, and it would not exclude cheese. The reason for citing these particular commodities is, first of all, that they are essentially storable and can be transported easily. Then there are commodities with which the people of oriental countries are familiar which they know how to use and how to consume. But certainly the amendment does not exclude any other commodity.

The other day I called the Commodity Credit Corporation; and I have, I think, in my files a memorandum indicating the supply of these commodities the Commodity Credit Corporation has on hand. We have a monumental quantity of these commodities we can dispose of, and which serve to hang over the market today and to bear down the prices. I think there would be many persons in the nation who would be more than happy if they could foresee the disposition of some of these commodities in places where they could well be used.

I desire to mention, Mr. President, the fact that I inspected munition warehouses over there. There is a great industrial capability, and something can be done in the field of offshore procurement so far as Formosa is concerned. There are other items I could stress, but the thing I would emphasize to the Senate is that Formosa is important today, not necessarily because it might be a future springboard to invasion of South China, but rather that it is a defensive bastion for Okinawa, where our investment runs into astronomical sums; it is a defensive bastion for the Philippines, for Japan, and for the whole Pacific line. That makes it really important, Mr. President.

So, Mr. President, in concluding my general remarks, I shall offer, the first amendment to which I alluded, namely, to include authority for exploration and development of mineral and petroleum resources; because it can result, I do not

say it will, but it can, if the authority is present—in substantial economies for us and in benefits for the people of Taiwan, better known as Formosa.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 2, line 24, after the word "assist," it is proposed to insert "including the exportation and development of mineral and petroleum resources."

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Illinois [Mr. DIRKSEN].

The amendment was agreed to.

Mr. DIRKSEN. Mr. President, I submit the amendment for the disposition of surplus commodities, to which I have just referred.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 4, line 5, it is proposed to strike out the quotation marks after line 5, and insert the following:

Notwithstanding any other provision of existing law, the President is authorized and directed to make available, within the appropriation made in pursuance of this section, to the countries included under title III such surplus commodities now owned by the Commodity Credit Corporation as may be useful for direct aid purposes, including, but not limited to, peanut oil, soybean oil, lard, butter, peanuts, soybeans, wheat, and cotton. Not to exceed \$25 million is hereby authorized to be appropriated for payment to the Commodity Credit Corporation for its investment in such commodities, including the handling costs, plus the costs incurred in making deliveries hereunder.

Mr. KNOWLAND. Mr. President, I have been very much interested, as I am sure the other Members of the Senate have been, in the report on Formosa and the Far East by the distinguished Senator from Illinois, which he gave earlier in the day and this evening. I certainly think there is a great deal of merit in his suggestion as to the use some of these people might make of certain surplus commodities. But it seems to me that it involves a policy question, to which the Senate should give very careful consideration. There are several amendments along the same general line.

The President of the United States has sent to the Congress today a separate bill, aimed at dealing with famine and emergency conditions. I am not certain as to which committee the bill has been referred; I assume it has gone to the Committee on Agriculture and Forestry. Undoubtedly that committee will hold hearings promptly on the measure, and it may suggest certain modifications either to expand it beyond the recommendations of the President, or to include a broader field.

The distinguished Senator from Kansas [Mr. SCHOEPP] had an amendment which is supported by the Farm Bureau Federation, taking one point of view; the distinguished Senator from Arkansas [Mr. MCCLELLAN], I believe, has an amendment pending tonight, with a little different approach; and the distinguished Senator from Minnesota had an amendment along somewhat similar lines, but a little broader in scope, which was presented to the Foreign Relations

Committee, and which the committee at that time determined should not be included in this bill, but should be handled after proper hearings before the legislative committee, as a separate piece of legislation.

It is only on that basis, and not that I do not fully appreciate the merit of what the distinguished Senator from Illinois is striving for, that I make the suggestion I am about to make.

I certainly think the administration should be put on notice, if it is not already fully informed, of the needs of the people in this area; and there are undoubtedly other areas of the world where the people could use other types of commodities just as advantageously both to them and to us. So, because of the reason I have stated, I would respectfully suggest that the amendments not be included in the pending bill, but that the matter be given prompt attention by the Committee on Agriculture and Forestry when it considers the overall problem.

Mr. McCLELLAN. Mr. President, will the Senator yield?

Mr. KNOWLAND. I would yield, but I do not have the floor.

Mr. McCLELLAN. I thought the Senator from California had the floor.

Mr. KNOWLAND. I just surrendered it.

Mr. McCLELLAN. Mr. President, I may say the amendment proposed by the distinguished Senator from Illinois proposes to give away the surpluses the Commodity Credit Corporation now has. The amendment I have offered does not propose a giveaway, but an exchange. It would make possible the purchase of commodities we have in surplus, not from the Commodity Credit Corporation but through regular channels, by an exchange of currencies.

Mr. KNOWLAND. I did not mean to imply that the Senator's amendment was precisely like the amendment of the Senator from Illinois. I merely wanted to state that there were several different approaches to the question. For instance, as I understand, the bill introduced by the Senator from Kansas [Mr. SCHOEPP], which I believe is generally the Farm Bureau proposal, does not propose to give away these commodities, but proposes that they shall be sold, as I recall, for the currencies of the countries; but only as they take the commodities, over and above normal trade channels and trade transactions.

I mention that only because I wanted to point out that there are perhaps a half dozen different approaches, and I doubt whether, this evening, or even in the time we would have on this bill within the next day or so, if we were to continue the debate, we would have the opportunity to make a thorough exploration as to the advantages or disadvantages of each form of approach.

Mr. McCLELLAN. Yes, I appreciate that; but I did not want the RECORD to stand that the proposal which the senior Senator from Arkansas intends to submit is a giveaway proposal, because it is not. If my amendment should be adopted, for once we would get something in return, and therefore, it would

not constitute a complete giveaway of surplus commodities.

Mr. KNOWLAND. I think it is definitely the intent of the Senator, that it not be, as he calls it, a giveaway program.

Mr. DIRKSEN. Mr. President, will the Senator from California yield?

Mr. KNOWLAND. I yield to the Senator from Illinois.

Mr. DIRKSEN. I appreciate the force of the point which has been made by the Senator from California, but let me suggest first of all that, if the figures which have been submitted to me be true, we are dealing with 1 percent of the commodities in which the Commodity Credit Corporation has an investment at the present time.

Second, who can foresee or assure that there will be action upon the bill dealing with commodity credit or surplus commodities at the present session?

Third, let me point out that the people in the Orient who are watching the Senate and the Congress at the present time with respect to mutual aid will be greatly heartened if at this time they can receive a reassuring message. The other measures which have been mentioned may dribble away, depending entirely on what the fortuities of the present session are.

So I believe, Mr. President, since it comes within the limit of the appropriations which are authorized, that the amendment, if it were nothing else, would be a good gesture in order to raise the courage and to heighten the spirit of the people who are watching us at the present time.

Mr. KNOWLAND. Mr. President, I would say to the distinguished Senator from Illinois that I think we are making a fairly substantial gesture to the people of the world, both in the Orient and in Europe, by the authorization bill itself, and by whatever sum the Congress in its judgment shall ultimately appropriate in this field. It seems to me if the facts presented by the Senator are correct—and I believe they are, from information I have—to the effect that these people could use some commodities of this kind, certainly our representatives in the field can communicate with the Government of the United States and, out of existing funds, can arrange to get certain of these surplus commodities.

The amendment has come in fairly late. I believe it opens a field in connection with which somewhat the same argument might be made for other areas of the world. Under all the circumstances we might get a hodgepodge of commodity amendments, which would not be the best thing either for this country or for those whom we are seeking to aid; whereas, if the various proposals were referred to the Committee on Agriculture and Forestry, under the able chairmanship of the Senator from Vermont [Mr. AIKEN] which has the information at its disposal, and which can call the representatives from the Commodity Credit Corporation before it, as well as representatives of the Department of Agriculture and of the Mu-

tual Security Administration, and get their testimony, I am sure the committee could bring to the Senate a bill which would cover the very things the distinguished Senator from Illinois and other Senators would like to have covered, and we would probably get better legislation than by adopting piecemeal a half dozen amendments to the pending bill. It is only for that reason that I have risen.

Mr. ELLENDER. Mr. President, will the Senator from California yield?

Mr. KNOWLAND. I yield.

Mr. ELLENDER. Is it not a fact that the bill which was introduced by the distinguished Senator from Vermont provides for more money for such purposes than the amount which is contained in the pending measure?

Mr. KNOWLAND. I think that is correct, but I tried to point out that while that was a bill recommended by the administration, it is going to the committee, and, undoubtedly, the committee will give it careful consideration and will make such changes in it as in its judgment are advisable.

Mr. ELLENDER. I have no doubt of that, but as I understand the measure, as well as the message from the President, the amount recommended is to be in addition to the amount included in the pending measure.

Mr. KNOWLAND. But limited, as I understand. I have just had a chance to read the message. As I understand the message, and, I assume, the bill which has accompanied it, they deal with the question of famine and emergency relief, whereas, as I understand, the amendment offered by the distinguished Senator from Illinois does not deal with a famine problem. Formosa does not have a famine, but it is in need of certain commodities which the Senator from Illinois believes can be used advantageously to Formosa and to the United States.

Mr. McCARRAN. Mr. President, in my judgment, there is no item in the bill more important than is the item embraced within the amendment offered by the Senator from Illinois. If we want allies who are really allies, if we want friends in the Orient, if we want friends who have the will to fight, if a fight shall come, then we certainly should recognize Formosa and the Government of Formosa.

They have shown to the world their ability to sustain themselves. They are short of certain commodities, some of which are mentioned in the amendment offered by the Senator from Illinois. More should be added. But there is nothing in the bill which is more important today to give heart and courage to our friends in the Orient, in Formosa, than is the little item—and it is a very small item, indeed, compared with the great items embraced within the bill—that is mentioned by the Senator from Illinois.

Mr. President, I should like to address a question to the Senator from Illinois.

Has he made a study as to whether the item of \$25 million is sufficient to

cover the products which he desires to furnish to Formosa?

Mr. DIRKSEN. Mr. President, I may say to the distinguished Senator from Nevada that it could be a good deal more than that, but I tried to keep it on the restrained side. I had hoped that a message of reassurance could go to the people of Formosa, and if there should be subsequent legislation on this subject we could then deal with further aspects of our surplus commodity problem. It was to keep within reasonable bounds that I set a limit of \$25 million. It could have been 2 or 3 times that much.

Mr. McCARRAN. I should like to offer an amendment to the amendment of the Senator from Illinois. My thought was to raise the amount \$10 million.

Mr. DIRKSEN. Mr. President, that is agreeable to me.

Mr. McCARRAN. Mr. President, I offer an amendment to the amendment offered by the Senator from Illinois, that the sum be made \$35 million instead of \$25 million.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nevada, to the amendment of the Senator from Illinois.

Mr. HUMPHREY. Mr. President, I offer an amendment in the nature of a substitute for the amendment offered by the Senator from Illinois.

The PRESIDING OFFICER. The Chair rules that the amendment offered by the Senator from Minnesota is in the third degree, and, therefore, is not in order.

Mr. HUMPHREY. Mr. President, I withdraw my amendment until the Senate acts upon the amendment of the Senator from Nevada.

The PRESIDING OFFICER. The Senator's amendment will be in order at that time.

Mr. KNOWLAND. Mr. President, I think Members of the Senate know that for a considerable period of time I have been interested in the Far East, and particularly in the problems of this Government relative to the Republic of China, and in aid to the Republic of China, now on Formosa. That record has been consistent over a period of time. I am certainly desirous of helping those people and other free people of the Far East and other areas of the world. But I invite the attention of the Senate to the fact that in the pending bill not only is there some \$70 million provided for economic aid to Formosa, but there is a figure several times that amount, the exact figure being a classified figure, for military assistance to the Republic of China on Formosa.

It seems to me that under those circumstances, rather than to agree to the amendment offered by the distinguished Senator from Illinois, we should let the matter go before the Committee on Agriculture and Forestry and determine a policy not only relating to the Republic of China on Formosa but relating equally to the Republic of Korea, where the need is as great and perhaps a little greater, in view of some reports which have come back from our representatives abroad to

the effect that the diet of the Korean troops has not been up to even what should be fair oriental standards. The same situation may apply to other areas of the world.

It seems to me we shall be able to give more equity to those who want help by taking a good look at the picture after some committee hearings have been held than we can do by adding amendments piecemeal to the bill at this time.

Mr. McCARRAN. Mr. President, there is only one fallacy to the pronouncement of the Senator from California. I have seen it in this body for 20 years. It is a put-off proposition that will not be considered during this session, and God knows whether it will be considered in the next session. It defers action which should be taken now. If we want the friendship of people we should undertake to secure it in this bill, when we are providing billions of dollars with which to win the friendship of other peoples. There are some people whose friendship we have not won by our policies. If the reports from London during the coronation, that I have heard repeatedly from those who were there, are true, our name was not very well dealt with by the people of that nation. Today America is at an all-time low from the standpoint of regard in England. Today America does not rate very high with the British people, notwithstanding all we have done.

In Formosa the rule is just the other way. Today, with the meager help we have given those people, merely a gesture—that is all it has been—the Formosa Government is our friend.

Let us not forget our friends, Mr. President, while we are taking care of those who are not very friendly.

If we follow the idea of the Senator from California we may never hear of this again. Let us do it now while we are dealing with the problem. Let us deal with the little problem that is included in the big problem.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Nevada to the amendment of the Senator from Illinois.

Mr. DOUGLAS. Mr. President, I should like an expression of opinion, if I may have it, from the chairman of the Foreign Relations Committee and the chairman of the Committee on Armed Services as to whether the fight against communism will be appreciably strengthened by the exporting of lard, soybean oil, peanut oil, and other commodities.

If they are more important than bullets or airplanes or ammunition, I am for the amendment, but it is very easy to confuse purposes and to disguise as help something which is not particularly helpful.

Without wishing to put the eminent Senators on the spot, I should like to know whether they consider it more important in the defense of the free world that we should export soybean oil, lard, peanuts, and so forth, to Formosa and to other countries, or whether we should send the equivalent, in munitions, airplanes, ordnance, and so on. I should like to have the information before I can vote intelligently on either the

amendment of the Senator from Nevada [Mr. McCARRAN] or the original amendment of my esteemed colleague, the junior Senator from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. President, I shall be glad to answer my colleague by asking him a question: How much is a soldier worth whose vitality is such that he cannot take good aim; to whom a bullet means nothing; to whom a gun is just as instrument he might as well throw on the ground? There is required, first of all, vitality in a human being whose mind works and whose body is well coordinated before he can become a good, effective soldier.

I pointed out earlier this evening that the ration of proteins for the army in Formosa will run from 12 to 20 ounces a month. Certainly that is not enough to sustain a soldier, if we are to maintain that army. If they are in our corner, the first and most indispensable thing is that they have the physique, vitality, and energy with which to carry on as military men.

The question was answered long ago. Food will win the war, because food is one of the great instrumentalities of a military organization to keep it vital and alive.

Mr. DOUGLAS. I appreciate the answer given by my colleague. I am always very glad to have him rise on these matters. However, I had hoped that we might get an expression from the chairmen of the respective committees.

I notice the eminent chairman of the Committee on Foreign Relations rising. Before he replies, I wish to ask my colleague if he expects to make good all the dietary deficiencies of the world and give to the soldiers of the world intravenous injections of cod liver oil in order to build up their vitality.

Mr. DIRKSEN. If it were available, I should be most agreeable to doing so.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Nevada [Mr. McCARRAN] to the amendment of the Senator from Illinois [Mr. DIRKSEN].

Mr. DOUGLAS. Mr. President, I lift mine eyes to the chairman of the Committee on Foreign Relations, and hope that we may get some leading light from him.

Mr. WILEY. Mr. President, I feel highly complimented to stand between the two distinguished Senators from Illinois, who represent such extreme poles in politics and economics.

I assure Senators that my position in relation to the matter can be stated briefly as follows: I believe the Senator from Minnesota and the Senator from Kansas [Mr. SCHOEPPEL] appeared before the committee and presented their particular ideas, which more or less coincided with the message the President has sent to Congress today in relation to the handling of surpluses.

When I listened to the amendment suggested by the junior Senator from Illinois [Mr. DIRKSEN], it occurred to me that the whole matter might be disposed of very quickly by simply lifting out the words "and directed," so that the Presi-

dent would be authorized to act at his discretion.

The reason I had so thought was, as has been suggested by several Senators, that we are dealing with a world that is pretty much upset in every direction. Therefore, it might be very easy, and a big factor, to have commodities handled by the Chief Executive in this manner in a particular place. The amendment involves some \$25 million and commodities that are in surplus. If the amendment were to give the President discretion—and I understand the Senator from Illinois [Mr. DIRKSEN] said that that suggestion would meet with his approval—since there would not be a mandatory direction, it seems to me, speaking only for myself, that we might very well take the amendment to conference.

Mr. GORE and Mr. DIRKSEN addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Wisconsin yield; and if so, to whom?

Mr. WILEY. I yield first to the Senator from Tennessee.

Mr. GORE. As I understood the able Senator from California [Mr. KNOWLAND], the bill before the Senate makes \$75 million in economic aid available to the Far East. Would not the President have discretionary power under the bill presently before the Senate, without amendment, if in his opinion specific commodities were needed for the economic stability or defense of Formosa or any other country to use funds for that purpose? Is not that discretion included in the pending bill and in the aid contemplated within it?

Mr. WILEY. My own judgment is that the answer to the Senator's question is, Yes; there would be that discretion.

Mr. GORE. Then why is an additional amendment necessary?

Mr. DIRKSEN. If the Senator from Tennessee will allow me to answer, I would suggest, first of all—

Mr. GORE. If the Senator from Illinois will withhold his comment for a moment, I am interested in having an answer from the chairman of the committee, who has just stated that there is no need for the amendment.

Mr. DIRKSEN. There is need for it, which I shall explain.

Mr. WILEY. I said that under the bill itself the President could utilize funds for this specific purpose, if he found it to be necessary.

I understood it to be the position of the junior Senator from Illinois that, in his opinion, utilization of \$25 million additional for surplus commodities would serve a specific purpose in this particular locality and would be to the advantage of the United States. I still believe the power is contained in the bill to utilize funds that are available.

Mr. GORE. For these purposes?

Mr. WILEY. Yes.

Mr. GORE. If in the discretion of the President it is deemed to be advisable?

Mr. WILEY. Yes.

Mr. GORE. Then there is no need for the amendment to grant that discretion to the President, since the bill grants that power.

Mr. DIRKSEN. First, I think we had better understand what is proposed. I

say to the Senator from Tennessee that none of the surplus commodities can be taken from the Commodity Credit Corporation unless, first, there is a specific provision to authorize their reimbursement. The second sentence of the amendment authorizes a reimbursement of \$25 million, not only for the investment in the commodities, but for the handling charge as well. That is presently a requirement in basic law, and must be met. That is the reason why such authority must be written into the bill.

Mr. McCLELLAN. Mr. President, will the Senator yield for a question?

Mr. DIRKSEN. I yield.

Mr. McCLELLAN. Is the \$25 million authorized to be reimbursed to the Commodity Credit Corporation, in the event the President wishes to give away these commodities, in addition to the total amount of authorizations in the bill, or does that come out of a fund within the bill?

Mr. DIRKSEN. It is within the appropriation made in pursuance of this section. It will be flexible, because the Committee on Appropriations will work its will upon every item in the bill. It may go up or go down.

Mr. McCLELLAN. It does not authorize another \$25 million of giveaway; does it?

Mr. DIRKSEN. No; it does not.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Nevada to the amendment of the Senator from Illinois.

Mr. CASE. Mr. President, will the Senator from Illinois yield?

Mr. DIRKSEN. I yield.

Mr. CASE. Did the Senator from Illinois accept the modification suggested by the Senator from Wisconsin [Mr. WILEY]?

Mr. DIRKSEN. I would accept it for the reason that when I first made a report on the matter I had occasion to discuss it with the Director of the Bureau of the Budget. He is quite sympathetic to the idea. He understands very fully what is involved and he did not believe the President actually needed any direction. He believes that permissive authority will be sufficient.

Mr. President, I would have no objection to deleting the two words "and directed," and I so modify my amendment.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. KNOWLAND. I do not know what discussion the distinguished Senator from Illinois had with the Director of the Budget. I do know that when the Humphrey amendment and the Schoepel amendment were before the Committee on Foreign Relations, representatives of the Budget Bureau and, I believe, of the Treasury Department, were before the committee. They felt that at least it was inadvisable to add the Schoepel amendment or the Humphrey amendment to the bill, and suggested that the matter had better be handled through a separate piece of legislation.

Mr. DIRKSEN. Mr. President, I can only say, in all candor, that the discus-

sion with the Director of the Bureau of the Budget at breakfast was quite informal. The whole subject was discussed. So he is fully mindful of what is involved. I relate my remarks only to the striking of the two words, because I do not believe any direction by the Congress will be required.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Nevada [Mr. McCARRAN] to the amendment offered by the Senator from Illinois [Mr. DIRKSEN] as modified. [Putting the question.]

Mr. DIRKSEN. Mr. President, I ask for a division.

On a division the amendment to the amendment was rejected.

The PRESIDING OFFICER. The question now is on agreeing to the amendment offered by the Senator from Illinois [Mr. DIRKSEN] as modified. [Putting the question.]

Mr. DIRKSEN. Mr. President, I ask for a division.

The Senate proceeded to divide.

Mr. DIRKSEN. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. SALTONSTALL. I announce that the Senator from Ohio [Mr. BRICKER], the Senator from New Hampshire [Mr. BRIDGES], the Senator from Connecticut [Mr. BUSH], the Senator from Nebraska [Mr. BUTLER], the Senator from Pennsylvania [Mr. DUFF], the Senator from Vermont [Mr. FLANDERS], the Senator from Nebraska [Mr. GRISWOLD], the Senator from Indiana [Mr. JENNER], the Senator from California [Mr. KUCHEL], the Senator from Nevada [Mr. MALONE], the Senator from Wisconsin [Mr. MCCARTHY], the Senator from Michigan [Mr. POTTER], and the Senator from Ohio [Mr. TAFT] are necessarily absent. The Senator from Indiana [Mr. CAPEHART] is absent on official business. The Senator from New Hampshire [Mr. TOBEY] is absent by leave of the Senate. The Senator from New York [Mr. IVES] is absent by leave of the Senate, having been appointed a delegate to attend the International Labor Organization Conference at Geneva, Switzerland.

Mr. CLEMENTS. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Georgia [Mr. GEORGE], the Senator from Iowa [Mr. GILLETTE], the Senator from Alabama [Mr. HILL], the Senator from Massachusetts [Mr. KENNEDY], and the Senator from Washington [Mr. MAGNUSON] are necessarily absent.

The Senator from Texas [Mr. DANIEL], the Senator from Arkansas [Mr. FULBRIGHT], and the Senator from Tennessee [Mr. KEFAUVER] are absent by leave of the Senate.

The result was announced—yeas 28, nays 42, as follows:

YEAS—28

Barrett	Dworshak	Martin
Beall	Eastland	McCarran
Bennett	Goldwater	Millikin
Case	Hendrickson	Morse
Cooper	Hickenlooper	Mundt
Cordon	Humphrey	Murray
Dirksen	Langer	Pastore

Payne
Schoeppel
Smith, Maine

Watkins
Welker
Wiley

Young

NAYS—42

Aiken
Anderson
Butler, Md.
Carlson
Chavez
Clements
Douglas
Ellender
Ferguson
Frear
Gore
Green
Hayden
Hennings

Hoey
Holland
Hunt
Jackson
Johnson, Colo.
Johnson, Tex.
Johnston, S. C.
Kerr
Kilgore
Knowland
Lehman
Long
Mansfield
Maybank

McClellan
Monroney
Neely
Purtell
Robertson
Russell
Saltonstall
Smathers
Smith, N. J.
Sparkman
Stennis
Symington
Thye
Williams

NOT VOTING—25

Bricker
Bridges
Bush
Butler, Nebr.
Byrd
Capehart
Daniel
Duff
Flanders

Fulbright
George
Gillette
Griswold
Hill
Ives
Jenner
Kefauver
Kennedy

Kuchel
Magnuson
Malone
McCarthy
Potter
Taft
Tobey

So Mr. DIRKSEN's amendment, as modified, was rejected.

Mr. DIRKSEN. Mr. President, I offer an amendment.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 10, line 13, it is proposed to strike out the quotation mark; and after line 13 to insert a new section as follows:

SEC. 548. Not less than one-half of the total of payments in cash or in kind made hereunder to any country in Europe covered by the provisions of section 101 (a) (1) from funds appropriated or continued available pursuant to authorizations in this act shall be in the form of a loan, or loans, to such country on terms to be prescribed by the President, unless the President shall proclaim a finding as to any recipient country that its economic condition and outlook for the future forbid the application of this provision.

Mr. DIRKSEN. Mr. President, instead of making it an outright gratuitous appropriation for the purposes of section 101 (a), the amendment provides that half of it shall be made available and used in the form of loans.

When the foreign aid act of 1947 was enacted it contained this provision: "To make efficient use of any commodities made available under the authority of this act and to take, insofar as possible, the economic measures necessary to increase its ability to achieve a self-sustaining economy."

That was the ultimate purpose and that was the ultimate objective of mutual aid.

We have been at it for 5 years. At no time have we withheld aid from any country that needed it, particularly a country whose economic security we thought was indispensable to the national security of our own country.

It seems to me that the countries of Europe should look ahead a little. I think they should plan and budget their general economy and their outlook, so they may pledge at least a partial payment out of what they see ahead, and not receive it entirely in the form of a gratuity. There is another point involved. Somewhere along the line we will have to move from gratuities to loans, if there is to be any help at all.

We have heard the expression "the free world." Mr. President, we cannot garrison the battlements of the free world with pensioners and mendicants, and still expect them to be efficient battlers in the interest of the free world.

I believe we have reached that time.

The amendment provides that the President must prescribe the terms. That means the maturities and the interest rates, and everything else. A large measure of discretion is left to the President.

I believe the time has come when we ought to shut off free aid and to put aid on a loan basis, in part at least, even though there may be only a remote and slender hope that the loans will finally be repaid. In my opinion, the time is now to take action in the interest of preserving the self respect of the people who have been receiving our aid.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois [Mr. DIRKSEN].

Mr. LANGER. Mr. President, I ask for the yeas and nays.

The yeas and nays were not ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois. [Putting the question.]

The PRESIDING OFFICER. The "noes" seem to have it.

Mr. DIRKSEN. I ask for a division, Mr. President.

On a division, the amendment was rejected.

Mr. DIRKSEN. Mr. President, I offer another amendment.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 18, line 3, after figure "\$200,000,000," it is proposed to insert an additional proviso, as follows: "Provided further, That, without respect to the foregoing limitation, the President, during the fiscal year 1954, is authorized, in his discretion, to transfer to any country eligible for assistance under title III not to exceed 50,000 tons of overage naval vessels in the destroyer, frigate and other light classes, including auxiliary ships."

Mr. DIRKSEN. Mr. President, there is presently pending in the House of Representatives a bill which was introduced by Representative COLE of New York. It would make available and give authority to transfer six overaged destroyers to Nationalist China. I raised the question and I explored it somewhat, and I was advised that it was very desirable but that, on the other hand, the proposal should not be limited, because it might be desirable to transfer not only destroyers but ships of the frigate type, and perhaps also of auxiliary vessels. Fifty thousand tons of overage vessels are not very much. Our neighbors and our friends who are in our corner in the Orient can very well use such vessels.

I recall that there has been a request made for the transfer of vessels. This, then, would give specific authority to the President to transfer 50,000 tons of overage vessels in certain classes. It will be noted that the amendment does not include either heavy vessels or capital ships.

Mr. LONG. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. LONG. I wonder whether the Senator has inquired into the maintenance problem of these over-age vessels. Frankly, if we are to give to the forces on Formosa any naval vessels, they should be in good operating condition. The best information available to the junior Senator from Louisiana is that of all the vessels which we have given to Formosa there were only a few that could get out beyond the breakwater, because the Chinese were not able to maintain them. If the vessels proposed to be given to Formosa are not in perfect or tip-top shape, the Chinese will not be able to maintain them. Has the Senator from Illinois looked into that question?

Mr. DIRKSEN. What would constitute an over-age vessel would be a matter of administrative determination. I am quite confident that the great military chief in the White House would take precious care that vessels would not be transferred which would not be useful in the Formosan straits or elsewhere.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. FERGUSON. Would these vessels be a gift, or would be reimbursed from funds carried in the bill?

Mr. DIRKSEN. They would be a gift.

Mr. FERGUSON. A gift?

Mr. DIRKSEN. Yes.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois [Mr. DIRKSEN]. [Putting the question.]

The "noes" seem to have it.

Mr. DIRKSEN. Mr. President, I ask for a division.

On a division, the amendment was rejected.

Mr. DIRKSEN. Mr. President, I offer another amendment.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. At the end of the bill it is proposed to insert a new section as follows:

None of the funds authorized under this act may be expended for housing at a unit cost in excess of the prevailing unit cost in the country where such housing is to be provided.

Mr. DIRKSEN. Mr. President, there is a very pressing and definite reason for offering the amendment. In the Hanoi Delta in Indochina, there has been undertaken a defensive move which is called a pacification move, through the creation of what is known as a pacification center.

It is something the British tried in Malaya, and consists of enough units to house 10,000 people, who are gathered from 24 different villages. In my judgment, it constitutes the kind of defensive warfare which, if pursued in Indochina, will result in warfare for a good many years, notwithstanding our expenditures there.

The point is that the funds which are being made available from the Federal Treasury for the purpose of such pacification centers are funds of ours, and we

ought to be interested in the type of construction. The business team which went there made a very clear report on the project which is known as the Dong Quan project. They say it was hastily conceived and left much to be desired. The point at issue is that the cost of the project, in terms of units, was twice as much as the cost that goes into the construction of units amply adequate for the natives.

I think it is an amazing thing if we start, 12,000 miles from home, a slum-clearance program that will cost twice or perhaps three times as much as the structures can be built for under native standards, and if it reaches that level of cost because it seems that United States dollars go into it.

I do not comment on the military use; after all, that is a military matter. But I say that experts many thousands of miles away from the United States should not be playing with our money and building up fancy establishments that are unlike anything the natives there ever saw.

Consequently the amendment provides that the unit costs of housing built with funds authorized in this bill shall be in line with native costs.

Mr. LANGER. Mr. President, will the Senator from Illinois yield to me?

Mr. DIRKSEN. I yield.

Mr. LANGER. Will the units be owned by the municipality or by individuals?

Mr. DIRKSEN. Frankly, I do not know who will own this one. It will depend on who wins in the Tonkin developments around Hanoi.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Illinois [Mr. DIRKSEN].

The amendment was agreed to.

Mr. HUMPHREY. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 17, between lines 12 and 13, it is proposed to insert a new section (renumbering the following sections as necessary), to read as follows:

SEC. 606. The Mutual Security Act of 1951, as amended, is amended by adding the following new sections:

"Sec. 550. Notwithstanding any other provisions of law, in order to facilitate the utilization of commodities which are acquired by the Commodity Credit Corporation through price-support operations or are in danger of waste or have accumulated to such extent that their continued storage will involve excessive costs or unduly burden storage capacity, the President is authorized to make available such commodities to any nation friendly to the United States to meet famine or other critical requirements upon such terms and conditions as he determines appropriate to promote the foreign policy and security of the United States. The Commodity Credit Corporation shall deliver such commodities on board vessels in United States ports as directed by the President.

"Sec. 551. For the purpose of making payment to the Commodity Credit Corporation for commodities disposed of under section 550, the Secretary of the Treasury is hereby authorized and directed to cancel notes of the Commodity Credit Corporation held pur-

suant to section 713a-4 of title 15 of the United States Code, in an amount as determined by the Secretary of Agriculture, equal to the domestic market value of the commodities furnished pursuant to section 550 plus any costs incurred by Commodity Credit Corporation in making deliveries as directed by the President but not in excess of \$50 million.

"Sec. 552. No commodity shall be made available under the provisions of sections 550 and 551 after June 30, 1955."

Mr. HUMPHREY. Mr. President—
Mr. MANSFIELD. Mr. President, will the Senator from Minnesota yield to me?

Mr. HUMPHREY. I yield.

Mr. MANSFIELD. I did not quite understand the reading of the amendment. Is it the same amendment the Senator offered in the Foreign Relations Committee about 4 weeks ago?

Mr. HUMPHREY. It is exactly the same amendment that was discussed in the Foreign Relations Committee some 4 weeks ago.

Mr. MANSFIELD. Does the amendment apply to the whole world?

Mr. HUMPHREY. It applies to all portions, all nations that are in friendly association with the United States, all nations under the Mutual Security Act, and other nations which the President deems to be friendly to the United States and important to our national security.

Mr. McCLELLAN. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. McCLELLAN. In order that we may better follow the Senator's presentation, let me ask if this amendment is in addition to the authorization proposed in the bill; in other words, if it is extra, over and above what already is in the bill?

Mr. HUMPHREY. Yes; it is.

Mr. McCLELLAN. I wished to understand that.

Mr. HUMPHREY. I am glad the Senator from Arkansas asked the question, because I realize there is honest difference of opinion as to how we should approach the problem of the utilization of commodities which would be of benefit to our allies, and which are at the present time, and which may be in the foreseeable future, a very serious problem to the United States economy.

Mr. President, the amendment I have presented was discussed in the Senate Committee on Foreign Relations; and, as the distinguished acting majority leader has said, followed its discussion—at a time when it appeared there was considerable support for the amendment—at the request of the acting majority leader, members of the administration were called in to give their views.

I think I should say that the amendment was prepared by the legal staff of the Mutual Security Agency.

I think I should further say that the representative of the Mutual Security Agency who was working with the Foreign Relations Committee indicated at the time of its consideration that it had been discussed with and, as I gathered, approved by the Bureau of the Budget and the Mutual Security representative.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. AIKEN. May I ask who in the Bureau of the Budget or in any other agency of the Government approved the amendment?

Mr. HUMPHREY. I only am saying what I think was said by Tyler Wood—who represented the Mutual Security Agency—at the hearings, which I listened to, and which I have reviewed this afternoon in the light of the possibility of bringing the amendment before the Senate.

Mr. AIKEN. When was that approval given?

Mr. HUMPHREY. About 4 weeks ago.

Mr. AIKEN. About 4 weeks ago?

Mr. HUMPHREY. Yes.

Mr. AIKEN. I ask the question because I have had from those people, this afternoon, a communication to the effect that if the Senator from Minnesota undertook to give any impression that they had approved this amendment, that definitely is not so.

Mr. HUMPHREY. I never did say the amendment had been approved.

Mr. AIKEN. The Senator from Minnesota was giving that impression.

Mr. HUMPHREY. I was only quoting what the representative of the Mutual Security Agency said at the time when there was cross-examination in the committee.

I wish to say this amendment follows clearly the message from the President of the United States which was sent to the Senate this afternoon. Furthermore, the amendment, when it was considered before the Foreign Relations Committee, immediately precipitated a rash of legislative proposals concerning this kind of a proposal.

There is no law against having a member of the minority present a proposal to a bill which comes from a committee, and I would suggest that we consider these measures on their merits, rather than on the basis of their parentage.

It appears to me that what we have here is the exact proposal the President has made. The amendment gives the President broad authority. It does not tie his hands. It gives him the right to give or to sell for dollars or for the national currency of the recipient country or to arrange a trade negotiation on the basis of loans or the exchange of commodities.

In other words, the President will have a wide variety of devices that he may use in terms of coming to an agreement as to the utilization of surplus commodities.

Some 2 years ago we did our part in enacting legislation insofar as concerned wheat for India, as an emergency measure. In that instance I make known the fact that we negotiated on the basis of a long-term loan—a 35-year loan, as I recall.

In the case of Pakistan we were much more generous, and I am proud to say that early in March I introduced proposed legislation, identical to that introduced in the past 2 weeks, to provide wheat for Pakistan on the basis of a gift, not a loan.

On other occasions, I heard the Senator from Louisiana [Mr. Long] say that

it might be desirable that the President have authority to engage in negotiations which would bring to the United States certain strategic materials which could be used for our stockpiles, in exchange for certain commodities which are desperately needed by such foreign countries.

I am saying that the amendment offers the flexibility which the Chief Executive of the United States needs. He is the main formulator of United States foreign policy, and he is responsible for United States foreign policy. He makes decisions, which are almost irrevocable, for United States foreign policy; and United States foreign policy is involved in the Mutual Security Act.

Mr. FERGUSON. Mr. President, will the Senator from Minnesota yield for a question?

Mr. HUMPHREY. I yield.

Mr. FERGUSON. What amount would the President be authorized to give or to spend?

Mr. HUMPHREY. I would say that subject would be entirely up to the Appropriations Committee. It will determine the sum which may be utilized for the exchange or the sale or the gift of surplus commodities.

Mr. FERGUSON. Mr. President, will the Senator yield for a further question?

Mr. HUMPHREY. I yield.

Mr. FERGUSON. The limitation, then, would be the amount of appropriation recommended by the Appropriations Committee, and it would be over and above all sums mentioned in this bill; is that correct?

Mr. HUMPHREY. That is correct.

Mr. KNOWLAND. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. KNOWLAND. I think the Senator from Minnesota is in error in indicating that the parentage of the amendment has anything to do with it, because as the Senator will recall, the Committee on Foreign Relations after hearing the testimony, both relative to the amendment which the Senator from Minnesota offered and also the amendment proposed by the Senator from Kansas, turned down both amendments. Moreover, just a little while ago an amendment offered by the distinguished Senator from Illinois, who happens to be on the side of the aisle with the acting majority leader, was rejected not on the basis of a partisan sponsorship or any other kind of sponsorship, but because of the feeling that, in view of the fact that the Committee on Agriculture and Forestry was going to consider this entire subject, we should not start adding these amendments to this particular bill. So I can assure the distinguished Senator that the parentage or origin of the amendment has had nothing to do with the position taken by the acting majority leader.

Mr. HUMPHREY. I appreciate the comments of the acting majority leader, and I accept them in good faith.

Mr. President, I prefer to discuss the pending question entirely on the merits. The President's message suggests or requests special legislation, in other words,

original legislation, for the disposal or the utilization, which is perhaps a better way of expressing it, of American surplus commodities.

Mr. President, I believe we should have legislation attached to this bill. I think the time limit should be definite; in fact, I am perfectly willing to accept an amendment which would limit the time to 1 year rather than 2 years. Once we enact legislation without a limit, we are apt to find it continuing, as has been the case in many other instances.

Furthermore, the bill now before us is heavily loaded toward the military side. It includes well over \$4 billion in military assistance. I shall support that. It provides limited economic assistance, which I think is justified, because I believe there has been economic recovery to the point where the amount of economic assistance can be sharply reduced.

But, Mr. President, when we talk about mutual security, it is about time that we understood that security means something more than dollars and guns. It might very well mean life itself, which is being snuffed out because of famine, malnutrition, poverty, and disease. If there was ever a measure to which an amendment such as this ought to be attached, it is to the pending bill. If we enact a measure reported from the Committee on Agriculture and Forestry, Mr. President, it appears on its face as a means of dumping surpluses. If we include the amendment in the mutual security measure, it appears what it ought to be; namely, a humane, constructive proposal to do three things; namely, to save lives, to create good will, and to promote the foreign policy and protect the security of the United States of America. If there was ever a proposal which ought to be attached to a measure fundamental to the overall security relationships of the United States, with its allies and friends, and to the overall security needs of our country, it is one which deals with the utilization of the abundance which God Almighty has given to this Nation in the form of food and fiber.

Mr. SCHOEPPPEL. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. SCHOEPPPEL. I should like to ask the distinguished Senator from Minnesota a question with reference to his suggestion that a bill on this subject coming from the Committee on Agriculture and Forestry would be construed as dumping. Does he mean to imply that the measures which are before the Agricultural Committee are of that type?

Mr. HUMPHREY. The Senator from Minnesota does not mean to imply anything. The Senator is of good heart, he is of clear mind, and I am merely saying that this is an appropriate amendment that ought to be on a measure affecting our foreign relations.

Mr. SCHOEPPPEL. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. SCHOEPPPEL. I desire to refresh the Senator's memory with respect to the measure which the senior Senator from Kansas introduced, which, as the Senator knows, has the opposite effect of

one proposing to dump agricultural surpluses. I merely wanted to get that in the record.

Mr. HUMPHREY. I may say to my distinguished friend from Kansas that I respect both the Senator from Kansas and measure which he proposed. I think it was a very constructive measure; in fact, if my amendment is defeated, I may say to the Senator from Kansas that I shall readily join with him in his proposal. I think it a very constructive and very sensible, and a very much needed measure.

Mr. SCHOEPPPEL. I thank the Senator.

Mr. HUMPHREY. I am simply of the opinion, Mr. President, that if need is as urgent as appears from the President's message, the urgency can best be met when the time is at hand to meet it. I have been told that the Congress is going to recess by the 1st of August. If the Congress is to recess by that date, I suggest that we are not going to have time to process a bill through the House and through the Senate; and yet we are now authorizing for 2 more years under this bill the long-term program of mutual security. It appears to me that this is where the amendment belongs.

It is in this measure, Mr. President, that the administration has seen fit to include an item for special weapons. It is in this measure that we have seen fit to include special economic appropriations for Great Britain and France, over and above what we had previously appropriated. It is in this measure that it has been seen fit to include an extension of the contract-fulfillment date on the offshore procurement of certain items which are needed for military assistance. I say that we have here a measure which gives to us many new variations; and what the Senator from Minnesota is suggesting is that we give the President of the United States, a President whose foreign policy we support, the additional tools with which to do the job that needs to be done.

The President has rightfully pointed out in his memorable address before the editors of the Nation and in his message to the Congress this afternoon, that one of the strong arms of American foreign policy is our humanitarian concern for the human needs of people; and I suggest that in a bill which is so heavily loaded as this one is, it would be well to have some of the human elements included. I have nothing further to suggest.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield to the Senator from Vermont.

Mr. AIKEN. May I ask the Senator from Minnesota whether he would approve the bill which the Senator from Vermont introduced this afternoon?

Mr. HUMPHREY. As a matter of fact, I may say the Senator from Vermont, if he wishes to offer his measure as a substitute for my amendment, I shall readily join with him and shall immediately vote for its adoption.

Mr. AIKEN. Would the Senator from Minnesota support that bill if it were

processed in an orderly manner by this body?

Mr. HUMPHREY. I surely would, if it is the measure which I have before me.

Mr. AIKEN. Does not the Senator believe it is better to have that sort of thing done through the ordinary process of legislation, rather than have it effected by way of an amendment which the Members of the Congress have not had even an opportunity to read? I do not know about the amendment offered by the Senator from Minnesota.

Mr. HUMPHREY. Mr. President, the President's message was read to the Senate this afternoon; and what the President's message proposed was what the junior Senator from Minnesota is proposing. It is exactly what I proposed 4 weeks ago, and it is exactly what I talked about on the Senate floor 7 weeks ago. It is not new. I realize that generally we do not listen to speeches, and sometimes we may not even read the RECORD, but I am sure that we listen to the pronouncements of the President.

Mr. President, I further point out that the contention that a measure should come from a committee and go through the proper parliamentary procedure is—what should I say?—a two-edged sword. There are times when it merely depends on what one is for and what he is against. I want to be extremely candid. I recall that a few days ago a conference report came to the Senate, a conference report, which in all honesty, I voted against, and yet, there was a great storm of argument that then was the time to take action on a measure affecting small business although that measure was added to the bill in conference, not even on the floor. This amendment can be debated on the Senate floor, yet, I heard the leader of the majority party say that we had to accept the conference report because it is the one chance we would have to pass the provision for the Small Business Administration.

Mr. President, that was the persuasive argument. It brought 42 votes.

I recall also, Mr. President, that an amendment some time ago to authorize sums of money for Spain did not come through the committee, but was added on the floor of the United States Senate. Indeed, Mr. President, hundreds of worthy amendments have been added to legislation on the floor of the Senate. That is what debate is for. In this instance the debate is open and honest. We are not considering a conference report, to be either accepted or rejected without even an amendment. If any Senator has an amendment to limit funds, or to limit the authorizations, or to limit the duration, the junior Senator from Minnesota will be glad to consider them on their merits.

I submit, Mr. President, that the proposal which is now before the Senate does exactly what the Senator from Vermont has asked for in his bill which I have in my hand. It does exactly what the President requested this afternoon. It does, in the main, what the Senator from Kansas [Mr. SCHOEPPEL] asked for before the Foreign Relations Committee. It does what the American Farm Bureau

Federation asks for, and I think it should be agreed to.

SEVERAL SENATORS. Vote! Vote!

Mr. AIKEN. Mr. President, I apologize for not being able to hear the Senator from Minnesota distinctly when he began his remarks. I have sent for his remarks in typewritten form and should like to read them for my own information and also for the information of other Senators who could not hear him any better than I could:

Mr. HUMPHREY. I think I should further say that the representative of the Mutual Security Agency who was working with the Foreign Relations Committee indicated at the time of its consideration that it had been discussed with and, as I gathered, approved by the Bureau of the Budget and the Mutual Security representative.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. AIKEN. May I ask who in the Bureau of the Budget or in any other agency of the Government approved the amendment.

Mr. HUMPHREY. I only am saying what I think was said by Tyler Wood—who represented the Mutual Security Agency—at the hearings, which I listened to, and which I have reviewed this afternoon in the light of the possibility of bringing the amendment before the Senate.

Mr. AIKEN. When was that approval given?

Mr. HUMPHREY. About 4 weeks ago.

Mr. President, I should like to repeat what I said earlier, that the Bureau of the Budget and the Mutual Security Agency have not approved this amendment. They would not come in ahead of the President's message which was received this afternoon. No one would think that for a minute.

As I stated this afternoon, the Committee on Agriculture and Forestry will give almost immediate attention to this question, because it is a very important one. In fact, it is too important to be passed upon by this Congress without hearing the testimony from the persons who would carry out the program, the persons who know how the program should be worked out, and without all the other information we need before enacting legislation of this kind.

Mr. President, I do not think we should load up the Mutual Security bill with a lot of amendments pertaining to this thing or that thing. The easiest way in the world to discredit the program is to load it up with extraneous matter, no matter how important the matter might be in its own right.

I say again that the question of the disposal of American farm commodities in connection with the creation of good will with the rest of the world is a question we shall be taking up very soon. Let us take it up in an orderly manner. It involves many things which should not be acted upon on the floor of the Senate, particularly by an amendment which we have not even read.

SEVERAL SENATORS. Vote! Vote!

Mr. GORE. Mr. President, through the years I have taken a great interest in farm legislation and have been privileged from time to time to have had some say, and, I hope, some little effect, with reference to farm legislation. I am proud of the Commodity Credit Corporation as an agency of the Government.

I am proud of the surpluses in the hands of the Commodity Credit Corporation which in times of need have served this Nation well.

There are now in the hands of the Commodity Credit Corporation some \$3 billion worth of farm commodities, the products of our soil and of the toil of the hands of our farmers. When we come to the sad task of giving to the President of the United States blank-check authority to give away \$3 billion worth of commodities, I think, Mr. President, we had all better pause.

I am not disposed to enter into any discussion as to the differences between the request submitted by the President this afternoon and the amendment now before the Senate. I can see little essential difference. That does not make me favorable to the amendment, however. I do not think Mr. Henry Wallace ever had quite so wild a dream as that which is involved in either the amendment or the bill.

What does this amendment do, Mr. President? I have it in my hand. It does not come before the Appropriations Committee, as has been said. What does it provide? It provides that the President may give away \$3 billion worth of farm commodities. Do we call this a giveaway bill? It would be the most monstrous giveaway amendment in the history of the country.

Let me read two sentences from which I shall have to omit some phrases:

Notwithstanding any other provisions of law, the President is authorized to make available such commodities to any nation friendly to the United States to meet famine or other critical requirements upon such terms and conditions as he determines appropriate to promote the foreign policy and security of the United States.

How is it to be paid for? Let me read from an exception:

For the purpose of making payment to the Commodity Credit Corporation for commodities disposed of under section 550, the Secretary of the Treasury is hereby authorized and directed to cancel notes.

Mr. President, that is not appropriation. It does not come back to the Congress to make a decision. If we adopt this amendment, we shall be authorizing the Secretary of the Treasury to cancel notes in the sum of \$3 billion.

Mr. AIKEN. Mr. President, will the Senator from Tennessee yield?

Mr. GORE. I yield.

Mr. AIKEN. Does the Senator think the amendment should be acted upon by the Senate without a hearing?

Mr. GORE. I do not think it should be acted upon without a hearing. I do not think it should be acted upon favorably with or without a hearing.

Mr. AIKEN. I should be willing to bet that when the Senator hears from home he will change his mind.

Did I correctly understand the Senator to say that there was little difference between my bill and the amendment offered by the Senator from Minnesota?

Mr. GORE. I referred only to the amendment offered by the Senator from Minnesota.

Mr. AIKEN. Then I apologize to the Senator from Tennessee. I thought he was talking about my bill.

Mr. GORE. I have also read the bill introduced by the distinguished and able Senator from Vermont, and I must say that I see no essential difference between the bill and the amendment.

Mr. AIKEN. The Senator would say that neither of them should be acted upon without a hearing?

Mr. GORE. With or without a hearing. I shall not change my mind no matter what I hear from home.

Mr. ANDERSON. Mr. President, will the Senator from Tennessee yield?

Mr. GORE. I yield.

Mr. ANDERSON. The language which the Senator from Tennessee has read is in the bill introduced by the Senator from Vermont with whom I usually find myself in agreement. I must say that I do not regard the three or four billion dollars worth of agricultural products as a pile of junk. We have carried for many years 7 billion bales of cotton that could not be taken care of by the ordinary mills in this country. It looked as if the Government would lose tremendous amounts of money, and, yet, I heard the very distinguished Senator from Louisiana, the former chairman of the Senate Committee on Agriculture and Forestry [Mr. ELLENDER], say on the floor not long ago that millions of dollars had been made through that cotton. The amount was something like \$200 million. The Senator was as right as he could be when he said it was profitable.

I agree with the Senator from Tennessee that we must not start giving these products away by means of a blank check.

I will say to my distinguished friend from Vermont that when I was asked for a comment on his bill I said I believed these questions must come to the Congress and the Congress must not simply give away the supplies of the Commodity Credit Corporation, because that would invalidate the whole program of farm price supports, to which many of us are deeply committed.

I hope that when the bill is considered by the Senate Committee on Agriculture and Forestry, the committee may write into it some safeguards.

I appreciate that the Senator from Tennessee has pointed out that these stocks of goods are valuable possessions. They represent tremendous assets of cotton, wheat, and corn. They must not be placed in the category of things to be shoved off, so that we can start producing more.

Mr. GORE. At the time I addressed my remarks to the amendment I did not know that the language was identical in some respects to that in the bill introduced by the distinguished Senator from Vermont.

I now yield to the able junior Senator from Georgia.

Mr. RUSSELL. Mr. President, if this bill had been sent to Congress in any Democratic administration, our friends on the other side of the aisle would have practically torn the dome off the Capitol with complaints about the bill and about abdication to the executive branch of the Government by Congress.

We heard a great deal about Mr. Wallace's suggestion of a little milk for some Hottentots. But this is a suggestion to give to the President of the United States power to deliver all the vast wealth we have in these commodities to whomsoever it pleases him to deliver it.

I never thought I would live to see the Brannan plan advanced on an international scale. Our Republican friends have been very much opposed to the Brannan plan. I joined with them in my opposition to that plan. I do not favor the idea that was encompassed within the Brannan plan, of having any commodities sold for whatever they might bring on the market in any period, and then have the Federal Treasury make good whatever was the difference between what the commodity brought and 90 percent of parity, or 100 percent of parity, as I believe the Brannan plan contemplated. But in this business administration it is proposed to apply the Brannan plan on an international scale.

It is proposed to let the President of the United States deal away these commodities wherever he sees fit, at any price he sees fit, with no recompense whatever to the Treasury of the United States, and the poor old taxpayer of the United States is supposed to make good the difference in taxes in order to repay the Commodity Credit Corporation.

Mr. KNOWLAND. Mr. President, will the Senator yield at that point?

Mr. RUSSELL. If this is not an international Brannan plan, I should like to have the Senator to point out wherein the difference lies.

Mr. GORE. I yield to the Senator from California.

Mr. KNOWLAND. I merely wish to point out that the President in his message to Congress today says:

The legislation I am requesting would give the President the authority to utilize agricultural commodities held by this Government, but it would limit that authority to meet only the occasional needs arising from famine or other urgent relief requirements.

So the President in his message, unless I misinterpret it entirely, is dealing solely with famine or urgent relief requirements, with a limitation of time to June 30, 1955.

I believe the President has had a concern that where famine might exist in the world it would be hard for the American people morally to justify either the destroying of crops, such as by burning, or the nonuse of crops. No one is proposing to destroy crops, as once Henry Wallace proposed to destroy them. What is proposed is to use crops that otherwise might become unusable, in order to meet famine and relief needs.

Mr. RUSSELL. I read the President's message very carefully. I understand very clearly from the President's message that it is not only proposed that we give him absolute, carte blanche, authority to dispose of these valuable resources of the Government, but that we commit ourselves in advance to whatever it may cost.

This is the first time it has ever been suggested that Congress completely abandon the power of the purse. At no time in the administrations of Franklin

Roosevelt or Harry Truman, of which the Senator has been so critical, was it even proposed that Congress completely abandon the power of the purse.

Mr. KNOWLAND. I would say to the Senator—

Mr. GORE. Mr. President, I cannot yield further to the Senator.

Mr. KNOWLAND. Would the Senator from Tennessee yield in order that I may call to the attention of the Senator from Georgia one additional paragraph in the President's message?

Mr. GORE. I myself desire to call the attention of the distinguished Senator to an additional paragraph of the President's message, and I shall read it:

Since we cannot adequately foresee the specific needs to be met under the legislation I am requesting, we cannot now determine the most effective and equitable conditions under which such assistance may be rendered in a particular situation. Consequently, I am requesting authority to establish—

He is not requesting Congress to establish terms and conditions—

I am requesting authority to establish, when the need arises, the terms and conditions under which these agricultural commodities shall be made available.

That is practically the same language contained in the amendment now before the Senate, and contained, too, in the bill introduced by the senior Senator from Vermont [Mr. AIKEN].

Mr. RUSSELL. I am not surprised at the Senator from Minnesota [Mr. HUMPHREY], because I understand he was for the Brannan plan. However, I am very much surprised at Senators on the other side of the aisle, who were supposed to have been opposed to the Brannan plan, but who are now coming forward with a proposal for an international Brannan plan.

Mr. KNOWLAND. I also wish to call attention to the fact that the President in his message, in addition to pointing out that the proposal is limited to famine and relief conditions, says:

I therefore believe it advisable to have general legislation which, within appropriate limitations, would permit the President to meet these situations.

So certainly the President—at least, this President—has made it very clear, in every conference he has ever had with legislative leaders, that he certainly did not expect Congress to be a rubber stamp. He expected Congress to perform its legislative duties. He makes it very clear in his message that he expects proper limitations to be placed upon the proposal.

In his message he points out that the action he suggests is necessary for the relief of famine and emergency situations.

Mr. RUSSELL. Where does the Senator think a famine or an emergency exists? The Congress of the United States has responded generously to every request that has ever been made upon it to relieve suffering in any part of the world. That is a part of our national history and our tradition.

During the potato famine in Ireland, a century ago, the United States Congress responded, as it has responded gen-

erously to every subsequent request made upon it.

Does the Senator now know when these requests are to be made? Does the Senator now know where it is expected to distribute these commodities?

Mr. KNOWLAND. I may say to the Senator from Georgia that within the last week or so legislation was passed by Congress for the relief of Pakistan. For approximately 6 or 7 months of a year that Congress would be in session the power would not be necessary; but it would be entirely possible, at a time when Congress was not in session, to have a situation arise such as the famine in Pakistan. Under the proper limitations which the President has requested, and with the limitations established by Congress, he would be given authority to act during a famine or an emergency situation.

Mr. RUSSELL. I ask the Senator from California, what are the limitations requested by the President? There are none contained in his message, except the general words about legislative standards.

Does the Senator know of any country in the world today where the emergency is so great as to require the Congress of the United States to abdicate completely, and turn over not only the farm program, but the power of the purse, by committing ourselves to appropriate any money the President of the United States, even though he be as beloved and great a man as Dwight Eisenhower, might seek with which to replenish the stocks needed?

Mr. KNOWLAND. I will say to the Senator from Georgia that I do not interpret the President's message as asking for a complete blank check to deal with \$3 billion worth of commodities. He expects limitations.

Mr. RUSSELL. What limitations?

Mr. KNOWLAND. That is the job of the Congress. The President says that Congress should provide appropriate limitations.

Mr. RUSSELL. From what I have seen of requests of the Congress of late, I know that when the President makes a suggestion of that kind there will be no limitations.

Mr. YOUNG, Mr. THYE, Mr. DOUGLAS, Mr. MAYBANK, Mr. HUMPHREY, and other Senators addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Tennessee yield, and if so to whom?

Mr. GORE. I decline to yield for the moment.

Mr. MAYBANK. Mr. President, will the Senator yield to me?

Mr. GORE. I wish to make one statement, and then I promised to yield to the distinguished Senator from North Dakota [Mr. Young]. I also promised to yield to the distinguished Senator from Minnesota [Mr. Humphrey]. Then I shall come back to the Senator from South Carolina.

By the terms of the pending amendment—and I also include the bill introduced today by the Senator from Vermont—we would authorize the President to give away \$3 billion worth of commodities. True, the words "urgent relief requirements" are used in the mes-

sage. But in how many spots in the world today are there urgent relief requirements? Who is to find the existence of such conditions? Who would make the distribution? The President would make the distribution upon his own finding, in any part of the world where he found urgent relief requirements to exist.

Not only is that true, but the Congress is asked by this amendment, by the message of today, and by the bill introduced by the Senator from Vermont [Mr. Aiken], to relinquish that most precious power, its control of the purse strings—how? By directing the Treasury, through this amendment, to cancel the notes of the Commodity Credit Corporation.

Mr. YOUNG and Mr. AIKEN addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Tennessee yield, and if so to whom?

Mr. GORE. I yield first to the distinguished Senator from North Dakota.

Mr. YOUNG. Mr. President, I am rather surprised at the argument raised by my good friends on the other side of the aisle who are good friends of agriculture. I am wondering what the difference is between the authority proposed to be granted under the terms of this bill and the authority under the Marshall plan, under which we gave billions of dollars worth of farm commodities to other countries.

Let me give one example. We gave the British \$440 million to buy wheat in Canada at higher prices than they would have had to pay in the United States, at a time when the Canadians were asking their farmers to increase wheat production, and we were requiring our farmers to decrease wheat production.

What is the difference between the authority in this bill and the blanket authority under the Marshall plan, to spread food all over the world?

Mr. GORE. Mr. President, do I correctly understand from the remarks of the able Senator, and from his questions, that he favors the Humphrey amendment?

Mr. YOUNG. I favor any amendment that will get rid of surplus food to distressed people.

Mr. ANDERSON. Mr. President, will the Senator from Tennessee yield to me in order to answer the question of the Senator from North Dakota?

Mr. GORE. I yield.

Mr. ANDERSON. The authorization for the money under the Marshall plan came first from the Foreign Relations Committee of the Senate and the Foreign Affairs Committee of the House. I testified for hours before both of those committees. Those committees considered the question carefully. Then we came before the Appropriations Committee for the funds. That is the procedure which I think ought to be followed in this case.

Mr. HUMPHREY. Mr. President, will the Senator yield to me?

Mr. GORE. I yield to the Senator from Minnesota.

Mr. HUMPHREY. In order that the record may be clear, I have asked that the transcript of the executive proceedings of the Committee on Foreign Rela-

tions for June 9, 1953, be made available to me. It is labeled "Secret," but I assure the Senate that the material that is in this volume is not too secret.

I should like to clarify the point raised by the Senator from Vermont [Mr. Aiken], as to whether or not the amendment which I have presented, which would carry out the wishes of the President, and which I think is almost identical with the proposal of the Senator from Vermont, was given consideration by the administration when that amendment was before the Foreign Relations Committee.

On page 1473 of the transcript of the hearings we find a colloquy which took place between the chairman of the committee, the distinguished Senator from Wisconsin [Mr. Wiley], the junior Senator from Minnesota, and the Senator from California [Mr. Knowland.] The Senator from California said:

Senator KNOWLAND. It seems to me, I having just come in and this perhaps being a desirable amendment, it seems to me that it is rather far-reaching for the reasons stated by Senator GEORGE and others—

SEVERAL SENATORS. Vote! Vote!

Mr. HUMPHREY. (Continuing with the colloquy—

on the possibility of violating our entire dumping provisions.

Before it actually goes into the bill, even on a tentative basis, I would like to have, and I think this committee would be entitled to have, the judgment of the Treasury Department and Commodity Credit Corporation, and perhaps the Agriculture people on this, because this is of considerable importance, and I do not think we ought to act too hastily.

SEVERAL SENATORS. Vote! Vote!

Mr. HUMPHREY. Mr. President, I ask for order.

The PRESIDING OFFICER. The Senate will be in order.

Mr. HUMPHREY. If Senators prefer to talk outside the Chamber, that is their privilege. I should like to continue with my statement.

This is the Senator from California, the acting majority leader [Mr. Knowland], speaking:

This is the first time I have seen this particular language and I do not think we ought to put it into the bill until we have at least had a chance to study it a bit and have some testimony.

Mr. Wood, representing the Mutual Security Agency, said:

Mr. Wood. I believe, Senator KNOWLAND, our people discussed this when they were asked to draft it quite fully with the Bureau of the Budget, the Agriculture Department, I believe—and, I know, the State Department; and I believe the Treasury Department was also consulted. I could check that.

Senator KNOWLAND. I wish you would.

Mr. Wood. May I leave the room and do that right now?

I skip a page while he was out of the room. Mr. Wood continued as follows:

Mr. Wood. Mr. Chairman, I find out that this language in section 550—

Which was the amendment offered by the junior Senator from Minnesota—has been thoroughly checked and agreed by all the departments mentioned. It was, in fact, language drafted for the so-called Benson bill which was to have been separate legislation on this subject, and the reason

It was felt by the executive branch that this does not get us into trouble with the antidumping provisions, etc., is the fact that this is permissive and the President is authorized to do this.

The junior Senator from Minnesota is not accustomed to coming to the floor of the Senate and giving misinformation. Whether this amendment is adopted or not, let the record speak for itself. With respect to this amendment, the representative of the Mutual Security Administration spoke as follows:

I find out that this language in section 550—

Which is exactly the language now before the Senate—

has been thoroughly checked and agreed by all the departments mentioned.

It was approved by all the departments mentioned, including the Commodity Credit Corporation, the Department of Agriculture, the Mutual Security Administration, the State Department, and the Treasury.

I am trying to do this administration a favor. In view of this testimony, I suggest that the least that should happen is that the proposal be given some respectful treatment, in terms of the proposal which has been brought before the Senate.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. GORE. I yield to the Senator from Oregon.

Mr. MORSE. I am very glad to have the statement of the Senator from Minnesota in the RECORD, because I have the same confidence in the Senator from Vermont [Mr. AIKEN] that I have in the Senator from Minnesota. As the RECORD will show, the Senator from Vermont was obviously misled by the Department. The Department told the Senator from Vermont, in effect, that if the Senator from Minnesota made the statement which the Senator from Minnesota did make on the floor of the Senate, then the Senator from Vermont should make it clear that it was not true.

Those in the Department who caused the Senator from Vermont to cast a reflection on the Senator from Minnesota, which he did in perfectly good faith, relying on the Department, ought to be called to task by the Senate. We have come to a sad state of affairs when a department tells a Senator that, if another Senator makes a statement which the RECORD shows the Senator from Minnesota had the right to make, the Senator from Minnesota is misleading the Senate. That Department official ought to be called to task. I am sick and tired of that kind of double-talk on the part of officials in our Government.

Mr. HUMPHREY. Let me say that under no circumstances do I in any way impugn the motives or challenge the remarks of the able and distinguished Senator from Vermont, who is a great American, who has served his country and the Senate with distinction. I merely wanted the RECORD to be clear. I believe that as Senators we must speak honestly and candidly with each other.

This is not a hit-or-miss proposal which the junior Senator from Minnesota is offering. He asked advice and

counsel from the administration. I have been talking about this kind of proposal for the past 5 or 6 months. I therefore did not create it out of my own imagination. At the same time I sent a letter to the Mutual Security Administrator I asked the Legal Division of the Mutual Security Administration to draft such an amendment. I asked a member of the Senate Foreign Relations Committee to see to it that such a draft was placed in my hands.

Then I asked a representative of the Mutual Security Administration in executive session to give us the views of the departments. The representative went to the telephone. He did not rely on his memory. He went to the telephone at the request of the junior Senator from Minnesota and the chairman of the committee and the distinguished majority leader, and he came back and reported what the Senator has read.

He stated that he would like to check the information and asked, "May I leave the room and do that right now?" He came back and said:

Mr. Chairman, I find out that this language in section 550 has been thoroughly checked and agreed by all the departments mentioned. It was in fact language drafted for the so-called Benson bill which was to have been separate legislation on this subject, and the reason it was felt by the executive branch that this does not get us into trouble with the antidumping provisions, etc., is the fact that this is permissive and the President is authorized to do this.

Mr. AIKEN. Mr. President, I have not seen the amendment offered by the Senator from Minnesota. It has been stated that it is virtually the same as the bill which I introduced.

Mr. HUMPHREY. It is the same.

Mr. AIKEN. Is the wording identical?

Mr. HUMPHREY. I may say to the Senator that I believe it is identical. I know there is no substantive matter which is different whatsoever.

Mr. AIKEN. But the matter which was discussed before the Committee on Foreign Relations was a matter of policy, was it not, not of exact wording?

Mr. HUMPHREY. Of exact wording.

Mr. AIKEN. Of exact wording?

Mr. HUMPHREY. Yes. This is the exact wording.

Mr. AIKEN. May I ask when an employee of the Mutual Security Administration provided the Senator from Minnesota with the amendment?

Mr. HUMPHREY. About the 7th or 8th day of June 1953.

Mr. AIKEN. Why in the world has not the Senator from Minnesota had the amendment printed as an amendment to the bill, instead of asking us to approve it without seeing it or reading it?

Mr. HUMPHREY. I may say to the Senator from Vermont that this is not exactly a new subject. It was discussed last week by several Senators, including the Senator from Alabama [Mr. SPARKMAN] and the Senator from Minnesota. The Senator from Minnesota was not present in the Senate yesterday, and this bill was brought to the attention of the Senate yesterday.

Mr. AIKEN. Does the Senator from Minnesota understand why he received a copy of the President's bill, which I

introduced today, over 3 weeks before the White House cleared the bill and before it was sent to the Senator from Vermont? Who in the Mutual Security Administration furnished the amendment to the Senator from Minnesota?

Mr. HUMPHREY. I never knew that I had a pipeline into the White House, with such good connections.

I do not want to be facetious, Mr. President, because my friend the Senator from Vermont has a great responsibility as chairman of the committee, and I should like to have him know that, for his information, at page 1461 of the record before me is set out the amendment which the Senator from Vermont has in substance—there may be a word different here and there—introduced, and it does not differ in substance with the amendment of the Senator from Minnesota. It reads:

SEC. 550. Notwithstanding any other provisions of law, in order to facilitate the utilization of commodities which are acquired by Commodity Credit Corporation through price-support operations and which are in danger of waste through deterioration or spoilage or have accumulated to such extent that their continued storage will involve excessive costs or unduly burden storage capacity, the President is authorized to make available such commodities to any nation friendly to the United States to meet famine or other critical requirements upon such terms and conditions as he determines appropriate to promote the foreign policy of the United States. Commodity Credit Corporation shall deliver such commodities on board vessels in United States ports as directed by the President.

SEC. 551. For the purpose of making payment to the Commodity Credit Corporation for commodities disposed of under section 550, the Secretary of the Treasury is hereby authorized and directed to cancel notes of the Commodity Credit Corporation held pursuant to section 713a-4 of title 15 of the United States Code, in an amount as determined by the Secretary of Agriculture.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. AIKEN. I should like to ask the Senator from Minnesota whether he considers it ethical for an employee of the Mutual Security Administration, whether it was Mr. Tyler Wood or any other employee, to furnish the Senator from Minnesota with a copy of the President's bill before the President authorized it?

Mr. HUMPHREY. I had no idea it was the President's bill. The Senator from Minnesota directed to the staff of the Foreign Relations Committee a request, according to his desires as to the kind of legislative proposals he wanted. He also sent a letter to Mr. Stassen, the head of the Mutual Security Administration, and told him what he wanted. I am happy to relate that they cooperated.

It was not the President's message. It happens that it is a strange coincidence. It just so happens; that is all. The Senator from Minnesota was in favor of giving wheat to Pakistan back in March. The administration was also in favor of it. He is now in favor of food supplies under the Mutual Security Administration, which later on the administration said it was in favor of also.

I cannot help it. It just so happens; that is all. [Laughter.]

Mr. GORE. I do not care to yield further. I wish to conclude my remarks. I am sorry there is contention between the distinguished senior Senator from Vermont [Mr. AIKEN], with whom I have frequently found myself in agreement on legislation, and the distinguished Senator from Minnesota [Mr. HUMPHREY]. I am sorry that the distinguished Senator from Vermont did not get the bill first. I am sorry that he let the distinguished Senator from Minnesota beat him to it by 3 weeks. However, that does not change my attitude toward either of them.

Mr. President, Congress last year passed upon wheat for India. We debated the subject at length. Congress made the decision. This year we passed upon aid to Pakistan. A request was made of Congress, and Congress made the decision. Now we are asked, at this later hour, to abdicate the right and privilege and duty of making another such decision.

If we adopted the amendment we would authorize the President of the United States, without further reference to Congress and without further reference to appropriations, to give away \$3 billion worth of farm commodities, and then the Secretary of the Treasury would be directed to cancel the notes of the Commodity Credit Corporation.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. GORE. I shall be glad to yield in a moment. Mr. President, I believe these commodities are a very precious storehouse. Not once has the present President of the United States—and the same is true of the two former Presidents, under whose administration I have served—made a request of Congress to relieve famine situations with this precious storehouse, which has not always also found my support. I would expect to react favorably to alleviating famine conditions again, but I want to preserve the right of Congress to make the decision, and I want to preserve the most precious right and power we have, namely the control of the purse strings.

Mr. President, I now yield to the senior Senator from Vermont.

Mr. AIKEN. I was going to ask the Senator from Tennessee why it is so great a sin to cancel notes of the Treasury now, when during the last 6 or 8 years we have canceled in the neighborhood of \$10 billion worth, in order to pay subsidies. Does the Senator from Tennessee realize that that has become the customary way of paying bills?

I also inform the Senator that last year I myself vigorously opposed that manner of paying bills, and I believe I was joined by the Senator from Georgia in that effort. Finally we required an appropriation to be made to pay subsidies on the International Wheat Agreement.

Mr. RUSSELL. Mr. President, I think the RECORD will show that I stated at the time that it was a question of tweedle dee and tweedle dum. Since the distinguished Senator from Vermont and a number of other Senators—as a matter of fact, I think the fight was led by the Senator from Delaware—insisted that it

should be made as an appropriation, instead of by canceling the notes, I stated that I would be glad to agree to their views and to have the money refunded by appropriation.

But of course that does not change the principal issue here involved, namely, whether we want to apply the Brannan plan on an international scale, instead of to our own people. When the Brannan plan was brought forward, the idea was that we would sell commodities for whatever they would bring in the market, and whatever they did not bring would be made good from the Treasury of the United States.

By means of the proposal now made, as I understand the amendment offered by the Senator from Minnesota, which amendment has now been adopted by the administration in a message received by us today from the President, it would apply the Brannan plan wherever the President desires to apply it. We would sell these commodities or give them away, and then the difference would be made good by the taxpayers of the United States.

I am one who prefers that the Congress have something to say about each one of these individual cases, instead of giving any such carte blanche authority.

I am as much disturbed about the large surpluses as is anyone else, but I still think our constitutional form of government is much more important than any temporary difficulty in which we might find ourselves, due to any surpluses or due to any temporary difficulty we might encounter under any of our programs.

I am confident that the Congress has never been called upon, by means of any one sheet of paper, to abandon as many of its prerogatives as it was called upon to abandon in the message received today from the President, although I have not read the bill which was introduced by the Senator from Vermont.

Mr. AIKEN. Mr. President, I agree we would do well to follow the constitutional procedures of our Government. I simply add that it is a pity that we have not done so in the last 20 years.

Mr. GORE. Mr. President, I shall not yield further.

I would support a bill for \$25 million or \$50 million, to have an emergency store to relieve famine situations and to relieve tragedies and disasters, whether they occur in our country or in other countries. But I cannot vote for an open-end \$3 billion authorization which would never have to come back to the Congress.

Mr. President, I yield the floor.

Mr. CASE. Mr. President, I had not expected to submit any documents in connection with this discussion. However, in view of the turn the discussion has taken, with the citation of dates, origins, and so forth, I think perhaps the RECORD should contain a few more.

On March 9, 1953, I introduced Senate bill 1230, "To provide for the strengthening of the Republic of Korea as an ally against aggression and for the reconstruction of that country from the ravages of war in resisting aggression."

Mr. President, I ask unanimous consent to have printed at this point in the RECORD the text of that bill.

There being no objection, the bill (S. 1230) was ordered to be printed in the RECORD, as follows:

Resolved, etc., That the Secretary of Agriculture is hereby authorized, though the facilities of the Commodity Credit Corporation to acquire domestic supplies of wool, cotton, grains, dairy, poultry, and meat products, and to sell and deliver such commodities to the Republic of South Korea in an amount not exceeding \$500 million under the authority of this act, and to accept legal currency of the Republic of Korea in payment therefor. In carrying out the provisions of this section, the Secretary of Agriculture shall, insofar as practicable, utilize stocks of such commodities as may be acquired by the Commodity Credit Corporation or the Secretary in carrying out other provisions of existing law.

SEC. 2. The Secretary of the Treasury is authorized and directed to receive from the Secretary of Agriculture currency of the Republic of Korea acquired pursuant to the authority of section 1 of this act and to credit such receipts in payment for and retirement of debentures or other evidences of indebtedness of the Commodity Credit Corporation to the Treasury and to deposit this currency in a special fund for Korean reconstruction and rehabilitation.

SEC. 3. There is hereby created a Joint Select Committee on Korean Reconstruction and Rehabilitation to consist of 5 Members from the Senate of the United States to be named by the President of the Senate and 5 Members from the House of Representatives to be named by the Speaker of the House of Representatives. This committee shall investigate the economic and social conditions of South Korea growing out of the resistance of the Republic of Korea to aggression and shall report its findings to the Congress not later than January 15, 1954, together with its recommendations for the reconstruction and rehabilitation of South Korea through the use of the Korean reconstruction and rehabilitation fund provided by section 2 of this act. The expenses of such committee shall be provided from the contingent funds of the Senate and House of Representatives by appropriate resolution.

Mr. CASE. Mr. President, I shall not read the bill, but it took up the matter of using stocks of the Commodity Credit Corporation, and proposed a limitation of \$500 million worth, and that they should be disposed of for the local currency of Korea, and that the local currency in turn should be used for the rehabilitation of the country.

Under date of April 2, 1953, which was substantially more than 3 weeks ago, I received from the Acting Secretary of the Department of Agriculture, Mr. True D. Morse, a letter reading in part as follows:

We have received a request for a report on this bill from the chairman of the Senate Committee on Agriculture and Forestry. We are giving—

And this is the sentence to which I particularly call attention—careful study to the bill as it would affect the programs and responsibilities of this Department and are discussing it with the other departments concerned with United States programs in South Korea.

Some days later I received a call from Mr. John H. Davis, President of the Commodity Credit Corporation. He came up and discussed the bill and discussed the whole idea of using the stocks of the Commodity Credit Corporation.

On May 7, 1953, he wrote me a letter, reading in part as follows:

This is a very important matter and one to which we are giving serious consideration and study. We understand other segments of the executive branch of the Government are working on this subject, and we hope a satisfactory decision can be reached at an early date.

We are pleased to know of your interest in our programs—

And so forth. Before the letter reached me, Mr. Davis called my office and talked to my secretary or my assistant, and said he was calling because he did not say in the letter all that he wished he could, because he did not want to indicate they were going into the executive or State Department area, which was the reason why his letter was so formal. In that telephone conversation he said the President had appointed a committee to go into these angles, and that they had directed a letter to the executive secretary, expressing Agriculture Department interest.

On May 6, I received from Mr. Wilton B. Persons, special assistant to the President, a letter which closes with this paragraph:

I think you should know that this entire question is now being reviewed by the National Security Council. This review includes not only the size and type of aid program required, but also the agency or agencies that should be responsible for the administration of the program. When this review is completed, the recommended program will be presented to the Congress.

Mr. MAYBANK. Mr. President, will the Senator from South Dakota yield?

Mr. CASE. I ask the Senator from South Carolina to wait just a minute until I state one more sentence.

As I understand, that was the program which was presented this afternoon. This letter from the White House is dated May 6.

Mr. Persons concluded his letter by saying:

Meanwhile, the Secretary of Agriculture and the Secretary of Defense have been asked by the President to continue to take whatever steps are possible under existing programs to utilize United States surplus foods and fibers in South Korea.

In other words, Mr. President, this program did not originate 3 weeks ago with the distinguished junior Senator from Minnesota [Mr. HUMPHREY], much as it may seem from the record up to this point to have done. It originated earlier, because of the discussion which occurred following the introduction on March 9 of my bill relating to Korea. The President appointed a committee, and it is so stated in correspondence dated in the early part of May.

Now I yield to the Senator from South Carolina.

Mr. MAYBANK. I understood the Senator from South Dakota to read from the letter that the question of national production was to be left to the National Security Council. I understand that all production for the Army and the Air Force has been left to the National Security Council. That is what the Senator from South Dakota read—and that agricultural problems of the United States, such as production and distribution, are to be left to the National Security

Council. Is not that what the Senator from South Dakota read?

Mr. CASE. No.

Mr. MAYBANK. Will the Senator read the letter again?

Mr. CASE. The Senator from South Carolina is certainly adding something to the letter.

Mr. MAYBANK. Will the Senator from South Dakota read the letter again?

Mr. CASE. I shall ask unanimous consent that the entire letter from Mr. Persons be printed at this point in the RECORD.

Mr. MAYBANK. Mr. President, I understood the distinguished Senator from South Dakota to read from the letter that the National Security Council would determine it. That is what the Senate from South Dakota read.

Mr. CASE. Mr. President, in view of the fact that the Senator from South Carolina wishes to place that interpretation upon the letter, I think the entire letter should be read.

Mr. MAYBANK. I understand—

Mr. CASE. Mr. President, I decline to yield further, until I have read the letter.

Mr. MAYBANK. Very well.

Mr. CASE. Mr. President, I think the letter answers the Senator's question. The letter reads as follows:

THE WHITE HOUSE,
Washington, May 6, 1953.

DEAR SENATOR CASE: It is a pleasure to refer again to your letter regarding the feeding of prisoners of war in South Korea and the use of our surplus stocks of food and fiber in that country.

Mr. President, I hope I may have the attention of the Senator, because this will answer his misinterpretation.

I read further:

The level of feeding of prisoners of war in any battle area is, of course, a serious problem. It stems from our adherence to the principles established by international convention governing the feeding of prisoners and the difficulty of insuring that our allies' troops and civilians in the battle area are receiving adequate rations. The Secretary of Defense informs me that because of distribution difficulties there were a few instances when Korean troops were receiving a somewhat smaller ration than prisoners of war but that corrective steps have been taken and that the situation will be watched closely to prevent a recurrence insofar as possible.

Mr. President, I may say that in bringing this matter to the attention of the White House, I pointed out the testimony of General Van Fleet before the Armed Services Committee, to the effect that South Korean soldiers were being called upon to guard prisoners, although the troops doing the guarding were getting about 30 percent in calories of the diet that was being fed to the prisoners.

I resume the reading of the letter:

A large part of the dollars that have been appropriated to combat disease and unrest in South Korea is being used to procure food, mainly grain, all of which is being obtained in the United States.

The next sentence, particularly, I want the Senator from South Carolina to hear. It reads:

The Department of Agriculture and the Department of Defense are working in close

cooperation to determine what further use can be made of United States agricultural surpluses in Korea.

So that the National Security Council was not taken over. They were working together with the department.

Mr. MAYBANK. That is in Korea.

Mr. CASE. Yes. But just a moment. I read further:

The Republic of Korea and the United Nations Korean Reconstruction Agency also have funds which are being used to import supplies into South Korea. Part of these funds is being expended in the United States for agricultural products.

Naturally, we want to see that the South Korean troops and civilians receive adequate rations to continue their gallant efforts against Communist aggression. Except for certain distribution difficulties which cannot be avoided in combat areas, it now appears that the troops are receiving adequate rations. But the supply program for the troops cannot be disassociated from that of the South Korean civilians since the South Korean Republic is responsible for feeding both groups.

Any disruption in the South Korean Government's production or distribution program may cause difficulties in its military supply activities as well as in the feeding of civilians. Therefore, the basic question that must be considered is whether the total resources available to the South Korean Republic, both food and nonfood, are adequate and whether any changes are required in the foreign-aid program of that country.

It is at that point that Mr. Persons said:

I think you should know that this entire question is now being reviewed by the National Security Council. This review includes not only the size and type of aid program required, but also the agency or agencies that should be responsible for the administration of the program.

Mr. MAYBANK. Mr. President, will the Senator yield at that point? The Senator has asked me to listen. The entire foreign-aid program is to be reviewed by the National Security Council, together with the agricultural program.

Mr. CASE. Mr. President, I think I should add that Sherman Adams, the Assistant to the President, called me on the telephone, at the time of the correspondence which was taking place, on the 3d of May, and said, "You know that this matter is under consideration by the President. He is intensely interested in knowing whether some of the agricultural surpluses can be so used." Mr. Adams stated to me that it was his understanding that the President would favor a program which would not be limited to South Korea, but which would comprehend the entire field, and that that was the kind of program that was under consideration.

So, Mr. President, I think the whole story is that the situation stems from having considered the matter in relation to South Korea. Mr. Davis, of the Commodity Credit Corporation, thought it should be on a broader scale, as did the President; and, finally, as a result of all the discussion and debate on the subject, it came up in the form of a program which was presented by the President in his message this afternoon.

Mr. HUMPHREY. Mr. President, I wish to perfect my amendment on page

2, following the words "as directed by the President, but not in excess of \$50 million," as follows: In section 552, strike out the numeral "1955" and insert "1954", so as to make the section read:

SEC. 552. No commodity shall be made available under the provisions of sections 550 and 551 after June 30, 1954.

The PRESIDING OFFICER. The Senator from Minnesota modifies his amendment accordingly.

Mr. HUMPHREY. Mr. President, I have done this because of what I consider to be the logic and the persuasiveness of the arguments with reference to the administrative proposal. I have listened to the Senator from Georgia [Mr. RUSSELL], the Senator from Tennessee [Mr. GORE], and the Senator from Vermont [Mr. AIKEN], and it appears to me that we are going to have to have a long-range, permanent piece of legislation, which will go through the committee process. But, between now and that time, conditions may arise which I believe the President ought to have power to meet. So my amendment may well be termed emergency legislation incorporated in the Mutual Security Act. I wish my colleagues would pay particular attention to that—"emergency legislation incorporated in the Mutual Security Act," not in excess of the total amount of supplies, \$50 million, nor for any longer period of time than 1 year. In that period of time we shall be through with some of the studies we are making, and we shall also be through with some of the committee hearings. We shall be through with the processing, and we shall be able to get the Aiken bill, with whatever amendments it may have annexed to it, out of committee.

I call the attention of my colleagues who are interested in this proposal to the fact that here is a reasonable and sensible and flexible proposal for the President.

The administration indicated to the Senator from South Dakota [Mr. CASE] that they had been thinking about this. They indicated to a number of people that they had been thinking about it. The truth is that some of us have not only been thinking about it but we have also been acting about it; and now is the time, it appears to me, to act upon a reasonable, fair, and effective proposal. I suggest, Mr. President, that, with those amendments, my proposal be given full consideration by this body.

Mr. President, I have a memorandum on this subject, which is entitled "Mutual Security Food Amendment." I ask unanimous consent that it may be printed in the RECORD at this point in my remarks.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

MUTUAL SECURITY FOOD AMENDMENT

I call up my amendment and ask for its immediate consideration. It is aimed at letting American food and fiber, along with American dollars, fight for freedom in the world.

Our foreign-aid program is predicated upon the urgent need of strengthening forces of freedom throughout the world, and mobilizing them for the common cause of stand-

ing resolutely against the threat of communistic imperialism.

America's great agricultural know-how, its great blessing of abundance, can and should share in the mobilizing of the forces and the resources of freedom.

That's what my amendment would seek to encourage.

It is a simple amendment. All that it does is to grant the President authority to make use of some of our agricultural reserves now piled up in storage, whenever it appears in the best interest of our foreign policy to do so, to help friendly countries that may be in temporary need.

In view of the present world situation in which no effort toward strengthening our ties of friendship can be overlooked, in view of the present heavy stocks of reserves of agricultural commodities now existing in this country, I believe the President should have such authority. He should be able to make use of our abundance, within certain limitations, to alleviate hunger and misery in the world, thereby showing our humanitarian concern for less fortunate as contrasted with the ruthless slave-state oppression Communists have invoked in satellite areas behind the Iron Curtain.

This amendment does not create a giveaway plan, to dump American products indiscriminately throughout the world.

Yet neither does it hang a definite dollar sign on America's humanitarian spirit, so that we haggle over terms while people starve.

What it does is provide flexible enough authority for the President to act under differing circumstances and differing conditions.

It leaves it up to the President to determine terms and conditions for using our food reserves to alleviate famine and hunger.

Rather than require any rigid, fixed method of financing the sharing of our agricultural abundance with areas urgently needing it, the authority herein provided would open the way for more flexible barter for strategic materials; it would permit sales being made for native currency, where a dollar shortage exists; yet it would also permit us to make food loans or outright food gifts where such methods seemed most desirable in the interests of our own Government, as well as best designed to meet the needs of the recipient country.

I believe this is the simplest, most direct way of getting a green light for a start in the right direction of using food as well as dollars in foreign aid.

The amendment I have proposed is not the final answer to stimulating American farm exports, nor making effective and constructive use of all our abundance of agricultural commodities.

It is, however, a step in the right direction for both those purposes, as well as a step in the right direction of humanitarian foreign policy, foreign policy that is concerned with empty stomachs as well as empty cartridge belts.

I regard the amendment as just one more constructive step in efforts to stimulate increased use of America's agricultural abundance, and I think most of you are aware of the urgent need for every possible step in that direction.

If we are going to open any new channels for wider use of our agricultural commodities in support of our foreign policy at this session of Congress, I believe this amendment offers us the only practical chance of doing so.

Any action on a completely separate and more comprehensive bill in this field, involving lengthy committee hearings, is obviously very unlikely this late in the present session.

However, such use of our agricultural commodities to aid countries in need is logically a supplement to our other foreign aid—military and economic—and therefore the

proposal is quite properly advanced as an amendment to the mutual-security bill.

I believe enactment of this amendment will be an important policy declaration by the Congress—an expression of our determination to make the best use of all our available resources in strengthening the free world for its struggle against communism.

We cannot afford to let Communist propagandists exploit us as a rich uncle hoarding huge supplies like a dog in the manger, letting them spoil in storage before we will distribute them to the hungry to eat.

Instead, we should be seizing the initiative firmly in our own hands by assuring distressed countries of the world that we aren't going to let them starve—that we have ample food, and one way or another will be worked out so we can share our abundance with them, accepting whatever they have to offer in return.

Earlier in this session, I joined with several other Senators in sponsorship of a resolution calling for creation of an international food reserve aimed at just such a purpose—of finding a meeting place between those who have more food than they know what to do with, and those who haven't enough to exist decently. Every argument advanced for that worthy purpose now supports my amendment, for it would permit us to do on our own what many of us hoped the international food reserves could do on a united basis.

Famine and hunger can't wait for debates or negotiations. Starving children can wait neither for a new international body to be created, nor for the Congress of the United States to act, if it should be in recess. That's why it appears sensible and advisable to me to give this simple authority to the President—so that he may act when action appears necessary, and make use of more of our food reserves when opportunities present themselves that would be advantageous to all concerned.

Instead of complaining about our heavy food supplies, we should be thankful for the agricultural know-how of our farm producers.

We should welcome our plentiful food as a blessing other countries do not enjoy, and make use of our opportunity to win friends in the world through sharing our abundance—on whatever terms may be necessary.

Instead of sending American dollars in foreign aid alone, let's send some American food or fiber—and in that way we can be helping our own farmers while we are helping hungry people in other lands.

I'm convinced this proposal is thoroughly justified from the standpoint of our foreign aid program alone, entirely aside from its possible benefits to domestic agriculture.

Yet I do not think we need to overlook—nor should we overlook—the increasingly serious economic plight confronting our own American farmers, while we are debating sending aid to foreign shores.

America's farmers have shared every sacrifice and every challenge confronting our Nation down through history, and still remains steadfast as a real, solid bulwark of democracy. They are willing now to assume their fair share of the burden of defense in the struggle against communism, if they have any income out of which to pay their taxes. Yet I am sure many a hard-pressed farmer would look more kindly upon our foreign aid program if he knew food that he produced was going to be part of that program—that he was sharing in building a better world, by helping feed our friends and our allies.

I ask and urge that agriculture be made a definite part of our foreign aid program in the manner I have proposed—that we no longer sit idly by with our grain elevators and cold-storage warehouses bulging with food, while other peoples of the world are starving.

I urge that we make war on misery and suffering as part of our efforts to strengthen the free world.

I urge that we adopt a little of the philosophy of President Eisenhower's famous address to the American Society of Newspaper Editors by showing now that we are as concerned with human beings as we are with military might.

We can do so by adopting this amendment.

If we do so, it will be a major forward step by this Congress—a humane addition to the foreign aid program and a constructive step toward stimulating wider consumption of American farm products.

Mr. YOUNG. Mr. President, I shall take only a minute. Earlier this year, when Secretary Benson's name was before the Senate for confirmation, I opposed his nomination, principally on the ground that he was a conservative. I now learn from my Democratic friends on the other side of the aisle that he is a great liberal. If Secretary Benson is responsible for the bill that was sent to the Senate today, and if he continues his liberal trend, I am going to make an apology on the Senate floor at some time in the future.

Make no mistake about it, Mr. President, if this bill passes the Congress, and it gets rid of our burdensome surpluses and thereby stabilizes agricultural prices and our whole national economy, Secretary Benson will be very popular with the American farmer, and I shall owe him an apology for having opposed his nomination.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Minnesota [Mr. HUMPHREY] as modified.

Mr. DOUGLAS. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. SALTONSTALL. I announce that the Senator from Ohio [Mr. BRICKER], the Senator from New Hampshire [Mr. BRIDGES], the Senator from Connecticut [Mr. BUSH], the Senator from Nebraska [Mr. BUTLER], the Senator from Oregon [Mr. CORDON], the Senator from Pennsylvania [Mr. DUFF], the Senator from Vermont [Mr. FLANDERS], the Senator from Nebraska [Mr. GRISWOLD], the Senator from Indiana [Mr. JENNER], the Senator from California [Mr. KUCHEL], the Senator from Nevada [Mr. MALONE], the Senator from Wisconsin [Mr. MCCARTHY], the Senator from Michigan [Mr. POTTER], and the Senator from Ohio [Mr. TAFT] are necessarily absent.

The Senator from New Hampshire [Mr. TOBEY] is absent by leave of the Senate.

The Senator from Indiana [Mr. CAPEHART] is absent on official business.

The Senator from New York [Mr. IVES] is absent by leave of the Senate, having been appointed a delegate to attend the International Labor Organization Conference at Geneva, Switzerland.

Mr. CLEMENTS. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Georgia [Mr. GEORGE], the Senator from Iowa [Mr. GILLETTE], the Senator from Alabama [Mr. HILL], the Senator from Massachusetts [Mr. KENNEDY], the Senator from New York

[Mr. LEHMAN], and the Senator from West Virginia [Mr. NEELY] are necessarily absent.

The Senator from Texas [Mr. DANIEL], the Senator from Arkansas [Mr. FULBRIGHT], and the Senator from Tennessee [Mr. KEFAUVER] are absent by leave of the Senate.

The result was announced—yeas 12, nays 54, as follows:

YEAS—12

Douglas
Humphrey
Jackson
Kilgore

Langer
Magnuson
Mansfield
Mundt

Murray
Pastore
Sparkman
Young

NAYS—54

Aiken
Anderson
Barrett
Beall
Bennett
Carlson
Case
Clements
Cooper
Dirksen
Dworthak
Eastland
Ellender
Ferguson
Frear
Goldwater
Gore
Green

Hayden
Hendrickson
Hennings
Hickenlooper
Hoey
Holland
Hunt
Johnson, Colo.
Johnson, Tex.
Johnston, S. C.
Kerr
Knowland
Long
Martin
Maybank
McCarran
McClellan
Milikin

Monroney
Morse
Payne
Purtell
Robertson
Russell
Saltonstall
Schoeppel
Smathers
Smith, Maine
Smith, N. J.
Stennis
Symington
Thye
Watkins
Welker
Wiley
Williams

NOT VOTING—29

Bricker
Bridges
Bush
Butler, Md.
Butler, Nebr.
Byrd
Capehart
Chavez
Cordon
Daniel

Duff
Flanders
Fulbright
George
Gillette
Griswold
Hill
Ives
Jenner
Kefauver

Kennedy
Kuchel
Lehman
Malone
McCarthy
Neely
Potter
Taft
Tobey

So Mr. HUMPHREY's amendment was rejected.

LEGISLATIVE PROGRAM

Mr. KNOWLAND. Mr. President, for the information of the Senate, under the prior unanimous-consent agreement, the Senate, when it completes its work tonight, will recess until 10 o'clock tomorrow morning for the memorial services to be held for the late Senator Smith of North Carolina. Following those services, we shall resume consideration of the pending bill. It is hoped that we can finish it tomorrow and move on to the 1-year extension of the Reciprocal Trade Act. If we can complete both these measures by Thursday evening, I would then propose a recess until Monday, so that the Senate would not be in session on Friday and Saturday, which is the Fourth of July. On Monday we intend to take up where we left off the consideration of bills on the calendar to which there is no objection. On Tuesday we will be prepared to consider the Labor-Federal Security appropriation bill. If we are not able to complete consideration of that bill promptly, we shall plan on having a Friday session. I would ask the cooperation of all Senators.

Mr. President, I have a unanimous-consent request which I desire to propose at this time. I send it to the desk and ask that the clerk read it.

The PRESIDING OFFICER. The clerk will read.

The legislative clerk read as follows:

Ordered, That during the further consideration of Senate bill 2128, the Mutual Se-

curity Act of 1953, no Senator shall speak longer than 15 minutes on any amendment, motion, or appeal, and that debate upon the bill be limited to 2 hours, to be equally divided and controlled by the Senator from Wisconsin [Mr. WILEY] and the Senator from Texas [Mr. JOHNSON]: *Provided*, That no amendment which is not germane to the subject matter of said bill shall be received.

Mr. McCLELLAN. Mr. President, reserving the right to object, I have an amendment which I shall propose to the bill. It has been printed and is on the desk. I have been waiting all day for an opportunity to present it. It is an amendment of such importance that I do not feel I should be limited to 15 minutes' discussion of it.

Mr. KNOWLAND. Mr. President, I will say to the Senator that I have discussed this matter with a number of Senators on both sides of the aisle, and in talking with the distinguished minority leader, Mr. JOHNSON of Texas, he indicated that out of the time allotted to him he would be prepared to allow additional time to the distinguished Senator from Arkansas. There would be 15 minutes for each Senator on each amendment; there would be 2 hours of general debate on the bill, one-half of the time to be controlled by the Senator from Wisconsin [Mr. WILEY] and one-half to be controlled by the Senator from Texas [Mr. JOHNSON].

Mr. McCLELLAN. I will say to the distinguished majority leader that I do not want to insist on an unusual amount of time.

Mr. JOHNSON of Texas. How much time would the Senator require?

Mr. McCLELLAN. Frankly, I think I could finish the discussion of the amendment within 15 minutes, unless there are questions, which I anticipate may be asked. Therefore, I do want to have sufficient time to make the amendment understood, if I can explain it, because it is an amendment which differs from those with which we have been dealing tonight. It is not a giveaway amendment. I think it is an amendment which deserves the consideration of this body, and the Senate will want to consider it. If the minority leader can assure me that I may have such additional time beyond 15 minutes—

Mr. JOHNSON of Texas. I shall be happy to yield the Senator an additional 15 minutes.

Mr. McCLELLAN. I shall not object, under those circumstances.

Mr. MORSE. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. CASE. Mr. President, I desire to submit an amendment and ask that it be printed and lie on the table.

The PRESIDING OFFICER. The amendment will be received, be printed, and lie on the table.

MESSAGE FROM THE HOUSE—
ENROLLED BILLS SIGNED

A message from the House of Representatives, by Mr. Bartlett, one of its clerks, announced that the Speaker had affixed his signature to the following en-

rolled bills, and they were signed by the Vice President:

S. 1081. An act to provide authority for temporary economic controls, and for other purposes; and

S. 2103. An act to amend the National Housing Act and other laws relating to housing.

ADDITIONAL ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, June 30, 1953, he presented to the President of the United States the following additional enrolled bills:

S. 1081. An act to provide authority for temporary economic controls, and for other purposes; and

S. 2103. An act to amend the National Housing Act and other laws relating to housing.

EMERGENCY IMMIGRATION LEGISLATION—RESOLUTION OF MINNESOTA FEDERATION OF WOMEN'S CLUBS, MINNEAPOLIS, MINN.

Mr. HUMPHREY. Mr. President, I present for appropriate reference and ask unanimous consent to have printed in the RECORD a resolution adopted by the Minnesota Federation of Women's Clubs at its annual meeting, held in Minneapolis, Minn., on June 4, 1953, relating to the President's recommended emergency immigration legislation.

There being no objection, the resolution was referred to the Committee on the Judiciary and ordered to be printed in the RECORD, as follows:

MINNESOTA FEDERATION OF

WOMEN'S CLUBS,

Minneapolis, Minn., June 19, 1953.

Hon. HUBERT H. HUMPHREY,
Senate Office Building,

Washington, D. C.

DEAR SIR: The following resolution was defeated by four votes at the General Federation of Women's Clubs convention in Washington, May 25-29:

"THE PRESIDENT'S RECOMMENDED EMERGENCY UNITED STATES IMMIGRATION LEGISLATION

"Whereas President Eisenhower has requested emergency legislation regarding acceptance of additional refugees; and

"Whereas certain European countries are suffering from population surpluses which hinder economic and political stability in Western Europe; and

"Whereas the United States has need of additional workers in certain vital occupations; Therefore

"Resolved, That the General Federation of Women's Clubs support President Eisenhower recommendations for emergency legislation to bring in, after proper screening, 240,000 refugees and people from overpopulated areas in Western Europe in the next 2 years to help supplement our manpower shortages, reunite families, and at the same time strengthen the objectives of the United States foreign policy."

This resolution was presented to the delegate body of the Minnesota Federation of Women's Clubs at the annual meeting in Minneapolis, June 4, 1953, and adopted with one dissenting vote.

Included in the motion were instructions to send a report of this minority opinion with the statement that our action represents the minority vote of the General Federation of Women's Clubs, to the executive committee of GFWC, to Minnesota's Senators and Representatives in Washington, D. C. and to Mrs.

Hiram Cole Houghton, Assistant Director for Refugees, Migration and Travel of the Mutual Security Agency.

Mrs. E. R. STARKWEATHER,
President.

ST. LAWRENCE SEAWAY—RESOLUTION OF GATZKE (MINN.) LOCAL FARMERS UNION

Mr. HUMPHREY. Mr. President, I present for appropriate reference, and ask unanimous consent to have printed in the RECORD, a resolution adopted by the Gatzke Local Farmers Union, Gatzke, Minn., at their meeting held on June 9, 1953, relating to the construction of the St. Lawrence seaway.

There being no objection, the resolution was referred to the Committee on Foreign Relations, and ordered to be printed in the RECORD, as follows:

GATZKE, MINN., June 11, 1953.

Hon. Senator HUBERT HUMPHREY:

The following is a resolution adopted at the Gatzke local Farmers Union meeting held June 9, 1953.

"This country should go ahead with its share in the development of the St. Lawrence seaway without further delay. The cost of our share in the job would be small compared to the benefits. It would link the Great Lakes to the Atlantic Ocean and give the interior of the country a shorter and cheaper route to world markets.

"Farmers would gain by lower transportation rates for grain and other export products. But the greatest benefit would be the increased prosperity of middle America. Its industries would have broader outlets and cheaper costs. Canada's great natural resources, including the rich iron-ore deposits in Labrador, would be made more accessible. Other areas would gain directly also. The power-deficient New York and New England region would share in the 2,200,000-hydroelectric horsepower to be developed by harnessing the International Rapids section of the river.

"Every President since 1920 and every major farm organization has urged building the seaway. But it has always been blocked by sectional and special interests.

"The St. Lawrence seaway would pay for itself many times over. The opposition of special interests should not be allowed to hold it up any longer."

We, as the members of this Farmers Union local, wish to express our sincere thanks and we urge you to give this resolution your honest consideration.

Yours very truly,

NEIL MORRISSEY,
President of Gatzke Local, No. 131.

ALLEGED METHODS USED BY HOUSE UN-AMERICAN ACTIVITIES COMMITTEE—RESOLUTION OF MINNESOTA ANNUAL CONFERENCE OF THE METHODIST CHURCH

Mr. HUMPHREY. Mr. President, I present for appropriate reference, and ask unanimous consent to have printed in the RECORD, a resolution adopted by the Minnesota Annual Conference of the Methodist Church, St. Paul, Minn., on June 13, 1953, relating to alleged methods used by the House Un-American Activities Committee.

There being no objection, the resolution was referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

RESOLUTION ADOPTED BY THE MINNESOTA ANNUAL CONFERENCE OF THE METHODIST CHURCH, IN SESSION AT ST. PAUL, MINN., JUNE 13, 1953

Whereas the Christian church is under obligation to stand for freedom of conscience and expression; and

Whereas a free pulpit for the preacher and freedom of thought and expression for our teachers is essential if democracy is to survive, and the Christian church is to maintain its integrity and effective witness; and

Whereas the irresponsible methods used by the House Un-American Activities Committee and the irresponsible utterances of some of the members of other committees constitute a most serious threat to our democracy and a challenge to the integrity of our schools and churches: Therefore be it

Resolved by the Minnesota annual conference of the Methodist Church, That we urge our preachers, our teachers, and our lay leaders both to speak out against and to resist every effort of these forces to intimidate and to limit our essential freedom by means of smear campaign and guilty-by-association tactics; and be it further

Resolved, That we condemn the wholly unwarranted attack upon well-known leaders of the church, such as Bishop G. Bromley Oxnam, as well as on many other equally sincere and loyal but less well-known ministers, teachers, and other citizens; and be it further

Resolved, That we direct our conference secretary to respectfully petition the Minnesota Senators and Representatives in Congress to take the lead in such action, legislative or otherwise, as will correct these abuses of the congressional privilege to make investigations; and finally be it

Resolved, That we direct our conference secretary to send our greetings and a copy of these resolutions to Bishop Oxnam as a testimony of our appreciation for his stand for the constitutional rights of every citizen and to assure him of our high personal regard, and of our prayers as he represents us in the National Capital.

SOCIAL-SECURITY BENEFITS TO THE CLERGY—LETTER FROM STATED CLERK OF SYNOD OF MINNESOTA PRESBYTERIAN CHURCH, MINNEAPOLIS, MINN.

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have a letter signed by Mr. Victor B. Nelson, stated clerk of the Synod of Minnesota of the Presbyterian Church of the United States of America, printed in the body of the RECORD, and appropriately referred.

You will notice that the letter represents a resolution memorializing the Congress to provide social-security benefits to the clergy on a voluntary basis. This objective is identical with S. 1931, a bill I introduced on May 18. It is my hope that the Senate Finance Committee will seriously consider this bill and approve it for the consideration of the Senate.

There being no objection, the letter was referred to the Committee on Finance, and ordered to be printed in the RECORD, as follows:

THE SYNOD OF MINNESOTA,
PRESBYTERIAN CHURCH IN THE U. S. A.,
Minneapolis, Minn., June 17, 1953.

The Honorable HUBERT H. HUMPHREY,
The Senate, Washington, D. C.

MY DEAR MR. HUMPHREY: The Synod of Minnesota meeting in its annual meeting in

local governments. The University of Viet-Nam was jointly established with a French rector installed for a 6-year minimum, and all instruction in the local university must be in French, a move which put the French directly in contact with the training of the intellectual youth of the country. The French control over the economic life of the country is extensive, and the possession of property belonging to the French cannot be changed without permission of the French. The French still control the country's basic resources, transportation, and trade. In Viet-Nam the French control 66 percent of the rice export trade; 100 percent of rubber products for export; practically all export and import businesses; all international shipping and the principal coastal shipping. In the field of foreign commerce, it is estimated that French control is nearly 100 percent.

France shares the veto right under the PAU agreement on matters affecting French Union export and import trade. French Union subjects are given special legal exemptions. They are given the privilege of extraterritoriality, and are tried in courts in which French law prevails. Until peace is restored, the French High Commissioner will continue to exercise powers with respect to the internal security of the associated states. After the restoration of peace, the French will have a liaison mission "charged with guarding the security of the French Union, in cooperation with the police and sûreté of Viet-Nam," according to the agreement of December 30, 1949. When Vietnamese taxes affect French Union subjects, there must be consultation with the representatives of the countries concerned before they are imposed. The degree of French control in Viet-Nam is enhanced, as I have said, by the lack of any popular assembly which represents the will of the people.

Some may feel that this is an injudicious time to discuss this matter—that many in France are tired of the war and would gladly see France pull out and retreat to North Africa. If the French are asked to give up all they have in Indochina, it is said, will there be anything to hold them there?

I do not believe that the French are fighting in Indochina wholly for material things. The war and money alone have already cost them substantially more than their total capital investment. Men like General De Lattre fought for the honor of France; and the French now are fighting because they know that if they retreat, all of Southeast Asia will go to the Communists—that their position in North Africa will become endangered—and that the security of Metropolitan France itself will be threatened. Thus they fight on, and deserve our wholehearted support.

But I believe it vital for the cause for which both of us fight that conditions be established there that will make it possible for the French to win—that will rally the support of native elements to take their share of the struggle. Which, in fact, is more likely to cause the French to withdraw: another season of fruitless and bloody campaigns,

or the prospect of eventual victory, even though it means the loss of some of the French states in that area? I do not believe there can be any question as to which is the proper course to take. I believe that men with responsible positions in France know this and are moving in that direction. I believe it is of the utmost importance at a time when United States is committing itself deeper and deeper into Indochina, that our influence and prestige with the French be used to promote the independence and well-being of the people of the Associated States. If we do so, not only would the prospects of victory be substantially enhanced, but the position of the United States and France and of the whole western alliance in Asia will be materially advanced in Asia.

I thank the Senator from Iowa for his kindness.

Mr. CAPEHART. Mr. President—

Mr. KNOWLAND. Mr. President, as I understand, the Senator from Iowa has the floor. He is willing to yield for a privileged matter, with the understanding that he will not lose his right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, its reading clerk, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1081) to provide authority for temporary economic controls, and for other purposes.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2103) to amend the National Housing Act and other laws relating to housing.

ENROLLED BILL SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled bill (S. 1993) to amend the National Housing Act, as amended, and the Servicemen's Readjustment Act of 1944, as amended, with respect to maximum interest rates, the veterans' direct home-loan program, and for other purposes, and it was signed by the Vice President.

TEMPORARY ECONOMIC CONTROLS—CONFERENCE REPORT

Mr. CAPEHART. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1081) to provide authority for temporary economic controls, and for other purposes. I ask unanimous consent for the immediate consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The report was read by the Chief Clerk.

(For text of report, see House proceedings in today's CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

Mr. CAPEHART. Mr. President, the Senate and House conferees have agreed with respect to Senate bill 1081. It will be remembered that the Senate instructed the Senate conferees to return for a further conference a few days ago, after the Senate had voted down, by a vote of 47 to 42, the so-called Small Business Administration provision, and instructed the Senate conferees to insist upon the House receding in respect to that item, and accept the language of the Senate.

That is exactly what happened, except that the best we could get out of the House conferees was an extension for 31 days of the Small Defense Plants Administration. There is no dispute in respect to title I, which is the title relating to the allocation of strategic materials to the military, V loans, and many other features with which Senators are familiar. There was nothing in dispute in that title.

Title II, of course, was the so-called Small Business Administration provision. The best we could get out of the House conferees was that they receded with respect to the Small Business Administration, but they would not agree to extend the Small Defense Plants Administration for more than 31 days. Had we refused to accept that sort of compromise, it would simply have meant that at midnight tonight we would have no Small Defense Plants Administration, and the military would have had absolutely no control over strategic materials and the many other things needed by the Armed Forces.

I have before me a statement which I shall later ask to have printed in the RECORD as a part of my remarks.

Mr. President, I ask that the conference report be agreed to.

Mr. THYE. Mr. President, will the Senator yield for a question?

Mr. CAPEHART. I yield.

Mr. THYE. The question I should like to ask the distinguished chairman of the Committee on Banking and Currency is this: As I understand, the War Powers Act is being extended—

Mr. CAPEHART. This is not the War Powers Act. It is the Defense Production Act.

Mr. THYE. The Defense Production Act.

Mr. CAPEHART. Certain provisions of the Defense Production Act of 1950, as amended, are extended for 2 years. We have extended for 2 years title I, which was passed by the Senate and agreed to by the first conference.

Mr. THYE. What about the Small Defense Plants Administration?

Mr. CAPEHART. That has been extended for 31 days.

Mr. THYE. May I ask the chairman of the Committee on Banking and Cur-

rency if it is now the intention of his committee to proceed with a study of the legislative bills which are before the committee in order that the Banking and Currency Committee may make a recommendation to the Senate within 31 days as to what the committee is willing to recommend so far as the Small Defense Plants Administration is concerned?

Mr. CAPEHART. The Senate Committee on Banking and Currency has before it at the moment the so-called small-business administration bill, more commonly known as the Hill bill, which was unanimously passed by the House. There is likewise before the committee a bill introduced by the able Senator from Minnesota [Mr. THYE]. We have two bills introduced by the able Senator from Alabama [Mr. SPARKMAN]. We have a bill introduced by the junior Senator from Virginia [Mr. ROBERTSON]. We have a bill introduced by the Senator from Delaware [Mr. FREAR]. We have also a bill introduced by the senior Senator from Virginia [Mr. BYRD] to dissolve the RFC.

The Senate Banking and Currency Committee held 6 or 8 days' hearings on all those bills. It is the intention of the committee to hold further hearings on them. What action the committee as a whole may desire to take upon those bills, I as chairman cannot promise. However, we shall make some effort in the next 31 days to see if it is possible to reach some sort of compromise on this particular subject.

We shall also consider during the next 31 days the question of whether we can agree—meaning both Houses and the committees of both Houses—on a new agency to lend money to small business. If not, we shall have to give further consideration to extending the life of the Small Defense Plants Administration.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. LANGER. Mr. President, if we extend the Small Defense Plants Administration for only 31 days, and Congress adjourns by the 31st of July, the law on that subject will have expired.

Mr. CAPEHART. I want to be perfectly frank and honest in saying that if the Congress does not extend the Small Defense Plants Administration beyond 31 days it will die at the end of 31 days; or if there is a failure to enact legislation setting up a new agency to do that which the Small Defense Plants Administration is now doing, we will have no agency for that purpose.

Mr. LANGER. Mr. President, will the Senator yield further?

Mr. CAPEHART. I yield.

Mr. LANGER. I was interested in the statement which the Senator asked to have printed in the RECORD. I would much prefer to have the distinguished Senator read it. I am not a member of the committee.

Mr. CAPEHART. I am willing to tear up the statement, because everything contained in the statement has been stated by me on the floor. I am willing to tear it up.

Mr. LANGER. I did not ask the Senator to tear up his statement.

Mr. CAPEHART. I have already made the statement, and everything I said was contained in the statement which I am tearing up. The whole matter is very simple. The conferees agreed to extend title I, which refers to V-loans and allocation of strategic materials, and permits the military to enter into contracts for the production of scarce materials, and many other things. That extension was made for 2 years. The Small Business Administration provision was stricken from the conference report, and there was substituted the Senate language on the Small Defense Plants Administration, extending the Small Defense Plants Administration for 31 days.

Mr. LANGER. What will happen after 31 days, in case Congress is not in session?

Mr. CAPEHART. Congress will be here for the next 31 days, and we will try during that period to work out some sort of satisfactory solution. I hope we will be able to do so. I am not saying that we cannot do so; but, if we cannot do so, before the 31 days have expired Congress will have to decide whether it wants to extend the SDPA for 8 months or 12 months.

Let me say to the able Senator from North Dakota, that we tried to get the House to agree to extend the SDPA for a year, but they turned us down. We tried to get an extension for 9 months, and they rejected that. Then we tried an extension of 8 months, and they still refused. The best we could secure from them was an extension for 31 days. Their position has always been—and I must say in all fairness to them that there is a great deal of merit to it—that the House on two occasions, first in the form of a complete bill and the second time as an amendment to the Defense Production Act, unanimously passed a measure providing for a so-called Small Business Administration, and that is what they wanted.

Therefore, I say this is the best we could get. I hope the Senate will accept it. The conference report was signed by all conferees except by the Senator from Alabama [Mr. SPARKMAN]. I believe the able Senator from South Carolina [Mr. MAYBANK], while he signed the conference committee report, wishes to make a statement, setting forth his position. I can well understand his position. However, I hope the Senate will accept the conference report. The House has already accepted it by unanimous vote. I am hopeful that the Senate will do likewise.

Mr. MAYBANK. Mr. President, I wish to confirm what the distinguished chairman of the committee has said. On a number of occasions during the past several days the Senate conferees made an effort to determine what should be done about the small-business agency. We got nowhere. Six days ago we got nowhere and this morning at 10 o'clock we got nowhere. At 2 o'clock this afternoon the House conferees still refused to give in on title II and accept the Senate provision for the extension of the Small Defense Plants Administration.

Knowing that there is a deadline of 12 o'clock tonight on title I, which deals with allocations and priorities for the military and Atomic Energy Commission, and other agencies of Government connected with the national defense, and knowing that legislation had to be passed extending that title and signed by the President before midnight to avoid having the law expire, the Senator from Virginia [Mr. ROBERTSON] and I reluctantly signed the report. It was the Senator from Virginia who made the first motion to extend the Small Defense Plants Administration for 8 months, so that time could be afforded properly to study the many bills on the subject which are now before the Committee on Banking and Currency.

I do not know whether the chairman of the committee will agree, but I wish to be perfectly frank in saying that it will be impossible for the Committee on Banking and Currency in 31 days to hear the testimony of all the witnesses who could be called on the 8 or 9 bills before the Committee on Banking and Currency. The committee has before it now several important bills on which the chairman of the committee has already announced dates for hearings during the month of July. There are also other bills before the committee, such as the rubber bill, which will require committee action. Therefore, it is my judgment that at the end of 31 days we will probably have to extend the Small Defense Plants Administration.

Of course, I do not know what the committee will do. I am speaking for myself and the Senator from Virginia who, as I have said, made the first motion to extend the Small Defense Plants Administration. I do know that we would not vote to create a new organization without first having hearings on it in the Committee on Banking and Currency. We would not vote to create a new organization in charge of a man who would receive \$17,500 a year and 2 or 3 others who would receive \$15,000 a year, and operated by a board composed of the Secretary of the Treasury, the Secretary of Commerce, and the Administrator, the latter occupying a back seat. I do not say that any Senate conferee suggested such a setup because the Senate conferees stood strong for the extension of title I for 2 years, and for title II to be replaced by an extension of the SDPA. The present organization has in it people who are trained. If we set up a new corporation, it will take 6 months for its officers and personnel to become trained. Senators know that to be a fact.

So I signed the conference report reluctantly, and so did the Senator from Virginia. He asked me to make the statement for him because I am the ranking minority member on the committee.

I hope in the next 31 days we can write a bill, but I believe, as I think the chairman does, that we cannot do it. I do not see how it can be done.

I will not oppose the conference report, because at least during the next 31 days we can try to do something about small-business plants. Certainly the people of this country know what the Committee

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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HIGHLIGHTS: Senate passed foreign aid bill. Senate debated trade agreements bill. Sen. Aiken and Rep. Hope introduced, and Sen. Aiken discussed, emergency-loans bill for farmers and stockmen.

SENATE

1. FOREIGN AID. Passed with amendments H. R. 5710, to extend the Mutual Security Act (pp. 7995-8015, 8017-28). Senate conferees were appointed (p. 8028).
Agreed to the following amendments:
By Sen. Thyne, stating U. S. policy to encourage foreign free enterprise and labor unions and to discourage cartels (pp. 7996-8).
By Sen. Mansfield, providing that the mutual security program shall end June 30, 1955 (instead of 1956) and that appropriated funds, if obligated by that date, may remain available for 1 year thereafter (instead of 3 years thereafter)(pp. 7998-8000).
By Sen. McClellan, modified, by a 49-35 vote, providing that the President shall make available certain amounts for military assistance to eligible countries through currency conversion agreements involving purchase of U. S. agricultural commodities (pp. 8001-10, 8021-3).
By Sen. Saltonstall, providing that funds for mutual defense, if obligated before June 30, 1955, may remain available for 2 years thereafter (p. 8021).
Rejected, 34-48, moves by Sen. Long to cut the authorization by \$2 billion, and also rejected, 38-42, an attempt by Sen. Long to reduce the amount to the House figure (pp. 8023-8).
2. TRADE AGREEMENTS. Began debate on H. R. 5495, to extend the reciprocal trade agreements program (pp. 8028-31).
3. DISASTER RELIEF. The Public Works Committee reported with amendments S. 2199, to allow State and local governments during major disasters to use or distribute certain surplus equipment and supplies of the Federal Government (S. Rept. 489) (p. 7980).

4. LAND TRANSFERS. The Agriculture and Forestry Committee reported without amendment S. 1400, to permit the Department to release the reversionary rights of the U. S. to a tract of rural-rehabilitation land in Wake County, N. C. (S. Rept. 490), and S. 2163, to authorize conveyance to N. C. of certain lands and improvements constituting the U. S. cotton field station at Statesville, N. C. (S. Rept. 491) (p. 7981).
5. WHEAT IMPORTS. The Agriculture and Forestry Committee reported without amendment S. Res. 127, to direct the Committee to investigate importation of wheat classified as unfit for human consumption and to report to the Senate by Jan. 31, 1954 (S. Rept. 492) (p. 7981). Referred to Rules and Administration Committee.
6. PERSONNEL. Sen. Carlson inserted a table showing countries in which alien U. S. employees are under the Civil Service Retirement Act (pp. 8020-1).
7. APPROPRIATIONS. In reporting the Labor-HEW appropriation bill for 1954 (see Digest 119), the Appropriations Committee concurred in the House figure of \$1,250,000 (\$350,000 under the revised estimate) for the Mexican farm labor program. It also concurred in the House action providing \$18,673,261, the original estimate, for vocational education. The Committee recommended a limitation on such education in the distributive occupations, and the committee report said this would prevent funds from being diverted from agriculture, home economics, etc.
8. SOCIAL SECURITY. Sen. Morse inserted an Oreg. Grange resolution favoring extension of the Social Security Act to farmers (p. 7980).
9. FARM PROGRAM. Sen. Langer stated that N. Dak. farmers are discouraged at the drop in farm prices and inserted a constituent's letter favoring wheat acreage allotments instead of quotas and requesting 100% of parity (p. 7995).

HOUSE

10. EXTENSION SERVICE. A Judiciary subcommittee voted to report to the full Committee H. J. Res. 161, to authorize the President to designate 1953 as the 50th Anniversary Year of Farm Demonstration Work (p. D645).
11. APPROPRIATIONS. Began debate on H. R. 5969, the defense appropriation bill for 1954 (pp. 8036-88).
12. EDUCATION. The "Daily Digest" states the Education and Labor Committee "approved a clean bill for reporting...which would amend and extend Public Law 815 (81st Congress) relative to school construction in areas affected by Federal activities" (p. D645).
13. PERSONNEL. The Government Operations Committee submitted part 2 of its report on H. R. 5228, to provide retirement annuities for Comptroller Generals (p. 8092).

BILLS INTRODUCED

14. SOCIAL SECURITY. S. 2260, by Sen. Lehman (for himself and others), to amend the Social Security Act, including its extension to farmers; to Finance Committee (p. 7981). Remarks of author and text of bill (pp. 7981-90).
15. DROUGHT LOANS. S. 2267, by Sen. Aiken (for himself and others), to provide for additional emergency assistance to farmers and stockmen; to Agriculture and

was, after all, merely a step in a long progress toward equality of rights. The passage of this amendment will bring us to the top of the hill from which we can survey the land in which equal justice is rendered and equal rights accorded to all its citizens.

NEW YEAR IN WASHINGTON

Mr. SALTONSTALL. Mr. President, I ask unanimous consent to have printed in the body of the RECORD at this point in my remarks an editorial entitled "New Year in Washington" published in today's New York Times. I ask that it be printed in the body of the RECORD because I think it is a very important editorial. I emphasize it by reading the last paragraph of the editorial, which says:

The question whether a country can put its finances in order is not a question of the size of its population or its national income alone. It is, in the last analysis, a question of moral leadership. In that sense, despite the fact that the Nation faces the possibility of another deficit on this first day of the new year, it may congratulate itself on being in the strongest financial position in many years.

The editorial expresses my thinking.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

NEW YEAR IN WASHINGTON

Last night at midnight the fiscal year 1952-53 for the United States Treasury passed into history; today we are entering the year 1953-54, a year which could be a critical one in the history of American fiscal policy.

For the first time in many years, with the coming to office of President Eisenhower, we have a leadership in Washington that regards the balancing of the budget as something more than a convenient slogan to catch the conservative vote. Up to 1930 an annually balanced budget was taken for granted except in time of war. But since that year the country has moved from one state of emergency to another, with many in the series genuine, but some largely synthetic in character. Over the whole period 1930-53 we have seen but one nominal surplus and two real ones.

Fiscal figures for the year 1952-53 are not yet available, but the Treasury statement as of the close of business June 25 shows total expenditures of \$72,557 million, against receipts of \$64,341 million, or a deficit of \$8,216 million. When the 1952-53 budget was first drafted in January of last year the indicated deficit was \$14.4 billion. As a result of the introduction of the so-called stretchout in the defense program President Truman was able to make a sweeping revision in the figures. His estimate of spending was reduced from \$85.4 billion to \$74.6 billion, or by \$10.8 billion, while he lowered his estimate of receipts by only \$2.3 billion. This produced a prospective deficit of \$5.9 billion. Whereas the first estimate of the deficit had been some \$6 billion too high, the January revision was overoptimistic by more than \$2 billion.

The 1952-53 budget was, of course, a Truman budget from beginning to end. This is hardly less true, however, with respect to the budget for the year which begins today. While it is true that the incoming President was free to propose changes in the budget prepared under his predecessor, this "freedom" was more theoretical than real. A budget cannot be divorced from the policies for which it was designed, and it was inevitable that a budget of the dimensions of that of 1953-54, calling for expenditures of \$78.6 billions, should cast a long shadow over the policies, political as well as fiscal,

of the new Administration. In a fiscal sense, as a matter of fact, it might be said that there were two shadows. One of these was the \$9.9 billion budget deficit that the Eisenhower administration inherited; the other was the huge total of funds "obligated" by the previous administration but unspent. These amounted to some \$79 billion, or more than the indicated 1953-54 spending total. Another way of putting it is that Federal agencies already had nearly 50 percent of the funds they required in 1953-54 before the year began.

On top of this, as President Eisenhower said in his radio address of May 19, there are other basic complications:

"When this administration took office we faced two stubborn financial facts. The first fact was this: Under the former administration expenditures for the future were so scheduled as to reach their peak during 1954 and 1955. The second fact was this: These are precisely the years when—under existing laws—Federal revenues from taxes, under scheduled reductions, will fall sharply downward. * * * If we do nothing about this the results of these facts could only be bigger deficits, greater Government borrowing, even increasing cost of living, depreciated savings, higher and higher cost of the Nation's security."

These problems cannot be solved overnight. But with an administration in office that is determined to do so they can be overcome before too many months have passed. In his speech in May Mr. Eisenhower was able to announce that the prospective deficit had been reduced from \$9.9 billion to \$3.3 billions. But what is more important is the fact that the administration regards this merely as part of a continuing process. And in this process, Mr. Eisenhower has let it be known, he does not mean to regard "obligated" funds as necessarily sacrosanct.

The question whether a country can put its finances in order is not a question of the size of its population or its national income alone. It is, in the last analysis, a question of moral leadership. In that sense, despite the fact that the Nation faces the possibility of another deficit on this first day of the new year, it may congratulate itself on being in the strongest financial position in many years.

THE PLIGHT OF THE FARMER

Mr. LANGER. Mr. President, I have a letter before me which I should like to read into the RECORD. It comes to me from Miss Grayce R. Warren, secretary, Scoria Butte Farmers Union Local No. 1126. It reads:

GRASSY BUTTE, N. DAK.,
June 26, 1953.

Hon. Senator WILLIAM LANGER,
Senator from North Dakota,
Washington, D. C.

DEAR SIR: As secretary of the Scoria Butte Farmers Union Local, No. 1126, I have been instructed to write you in behalf of the membership which numbers 152 men and women farmers in western North Dakota.

We discussed the wheat acreage allotments as against marketing quotas question at our meeting and seemed to be unanimously in favor of wheat acreage—giving the small farmer a better chance in production and of course our local wants the 100 percent parity.

We sincerely hope you will use your influence and pressure in that direction when and where it will carry most.

Sincerely,

GRAYCE R. WARREN, Secretary.

I may say that from all over the State of North Dakota, from the various local farmers' unions and from individuals, I have been getting hundreds of letters

and telegrams of the same tenor. The farmers in that area are becoming very much discouraged at the drop in prices of their farm products. They are very much discouraged by the fact that, although their prices, especially beef prices, have been going down and down and down, everything they must buy, particularly farm machinery, has gone up as high as it was at any time during World War II.

MUTUAL SECURITY ACT OF 1951, AS AMENDED

The Senate resumed the consideration of the bill (S. 2128) to amend the Mutual Security Act of 1951, as amended, and for other purposes.

Mr. FLANDERS. Mr. President, we are all concerned about the cost of mutual security. We are even more concerned about the effectiveness of it. It is my purpose to make suggestions with regard to effectiveness which will greatly reduce the cost of succeeding mutual security operations and hopefully of those operations for the fiscal year 1954.

The way not to go at it has been ably illustrated by our muddle in Korea. Somewhere along the line the same influence which guided the Truman-Acheson administration got hold of our new administration. It was with sickness of heart that we heard anew the proud boast that we had successfully "resisted aggression" as if the loss of hundreds of thousands of lives and billions of dollars had been well spent in bringing us back to the starting ground of June 25, 1950.

As a matter of fact, we fell short of getting back where we started. We had retrograded politically and morally in our relations with the brave Korean people, government, and president. General Clark put us in the position of threatening the Korean Government with an attack from the rear while the ROKs were attacking the Communists at the front.

The suspicion is that this sickening threat came from the Pentagon. It certainly could not have come from the White House. We can even make a guess as to the identity of the hitchhiker who took the suggestion from the Pentagon to General Clark.

If the great structure across the river is the seat of the reactionary forces who are crowding us over into the Truman-Acheson rut, the quicker the President asks for their resignations, the better. Let us put in the full complement of the new Chiefs of Staff now.

One lesson to be learned from this is that we must have policies. These policies must be directed toward the well-being of people, rather than toward the accumulation and display of power. And these policies must be publicly stated without fear or hesitation. They must be right policies, righteous policies, which can only be compromised to the disadvantage of the well-being of people.

More than once on this floor I have suggested peace proposals for Korea. They involve the setting up of a neutral zone along the Yalu River which would take care of the interests of Communist

China in protecting her from invasion, the reason stated for her entrance into the Korean war. These proposals include the unification of Korea. They include the establishment of civil authority of the Korean Government over its whole area. They include our offer of help in rebuilding the country. By suggesting that the neutrality of that zone be administered by Asiatic nationals, we offer them an opportunity to make a contribution toward peace, instead of offering only carping criticism. These proposals were morally right. We should not have been afraid to make them at any stage of the negotiations. We should be willing to make them now even after our disastrous retreat down the Truman-Acheson bypath.

These proposals are not the only ones that could be made. For instance, one of the leaders on this side of the aisle suggested in conversation the other day that we might propose that the whole of a united Korea be neutral territory with the neutrality guaranteed by the four great powers. That is a thoroughly useful suggestion. There may be other possibilities, but whatever they are, let us search out the best of them and publicly proclaim them as our policy in the Korean area.

Perhaps, Mr. President, you or someone else may be asking what this has to do with the authorization for the mutual-security appropriations. It has very much to do with it. Not having established the well-being of people as our policy in Korea, we find ourselves offering to defend that unhappy country, or, rather, one-half of it, against all comers. Under that proposal we would have to stand armed and ready for years to come, to start the Korean war all over again if history repeats itself. That will be a tremendous and continuing drain on our vitality.

The same principle holds in other countries to which our mutual-security appropriations and activities are directed. Let me call attention to the situation in Indochina. France cannot hold that ever again as a peaceful colony. Her government knows it. Her government does not seem to know how to let go of that situation with honor. The only proposal I am aware of that has come from the French Government is that we should take over. If we do, there go more billions and no security.

As a matter of fact, the attainment of peace with honor in Indochina is wide open. That country has felt that it is forced to make a choice between continued dependence and communism. Unfortunately the people seem to be more interested in independence than they are in freedom from communism.

We have lately had the spectacle of the King of Cambodia making a protesting self-exile in Thailand. He wants independence. Without doubt his people want independence. The time is ripe for France to negotiate independence with Cambodia and Laos. If they enter into active negotiations, carried through to a successful conclusion, they can make an appeal to the people of Viet-Nam with some assurance of success. The Vietnamese should then believe that the

French are honest when they offer independence as soon as the country has been pacified. Unless they give such practical assurance, the Vietnamese will not believe them. Nor should they.

Instead of taking this bold and practical step, the French are reported by news correspondents from Saigon to feel that it is now incumbent upon them to send armed forces into Cambodia, as well as into Viet-Nam. With such folly, Mr. President, we must have no connection whatsoever. Unless we can persuade the French to take the only honorable course—the course which has been taken by the United States in the Philippines, the government of the Netherlands in Indonesia, the British Government in India, Pakistan, and the adjacent territories—unless the French are willing to do this, we can do nothing for them, and this they ought to understand.

So here again we come to the practical conclusion that a diplomacy which concerns itself with the well-being of people, their interests, their hopes, is the only one which can be successful politically. At the same time it is one which will relieve us of a financial burden whose weight can only dimly be foreseen.

Nor is this all. Recent events in Eastern Germany, Czechoslovakia, and elsewhere among the satellites of the Soviet government make it clear to us that our interests tie in closely with the interests of the people of those areas. We must work for what they desire. Their hopes and ambitions must be our policies. Why do we not now publicly announce for all the world to hear that it is our policy to work by every honorable means for free communication, and free elections in these troubled areas of the world? Our Secretary of State put our policy in line with the hopes and desires of these enslaved peoples not so many weeks ago. Somebody shushed him up. He had to explain later that he did not mean it. He had better mean it. Our Government had better mean it. Our country had better mean it. The western world had better mean it.

It is not necessary to incite the satellites to armed resistance. That is for them to judge and determine. But it is necessary for us to tell them that our hearts and minds are with them and will continue to be with them so long as they are deprived of free communication with the rest of the world and free elections in their own internal government. Again, Mr. President, that is pertinent to the money question. If it is known throughout the satellites that that is our enduring policy and that we will be continuously working for it by every proper means, the spirit among the peoples will be such that the Soviet armies will never dare to move westward. Such a spirit, supported by our announced policies, will be worth more than a hundred divisions on the western front, and obviously it will cost much less.

Mr. President, the bill before us is a stopgap measure. It proposes certain expenditures for the fiscal year 1954. Unless our feeble and vacillating diplomatic policy is redirected during this coming year, we will have another bill

a year from now for similar or larger amounts. I for one will not vote for it. I will vote for this one only in the faith and hope that we will get a new breath of moral life into our diplomacy in the few months ahead of us.

Mr. THYE. Mr. President, on behalf of myself and 11 other Senators, I call up the amendment identified as "6-30-53—C" and ask that it be stated.

The PRESIDING OFFICER (Mr. PURTELL in the chair). The amendment will be stated.

The LEGISLATIVE CLERK. On page 20 it is proposed to strike out lines 1 to 3, inclusive, and to insert in lieu thereof the following:

SEC. 609. Amendment and repeal of certain provisions: (a) (1) Subsection (a) of section 516 of the Mutual Security Act of 1951, as amended, is amended to read as follows:

"(a) The Congress recognizes the vital role of free enterprise in achieving rising levels of production and standards of living essential to the economic progress and defensive strength of the free world. Accordingly, it is declared to be the policy of the United States, in furtherance of the objectives of this act, to encourage the efforts of other free countries in fostering private initiative and competition in discouraging monopolistic practices, in improving the technical efficiency of their industry, agriculture and commerce, and in the strengthening of free labor unions; and to encourage American enterprise in contributing to the economic strength of other free countries through private investment abroad and the exchange of ideas and technical information."

Mr. THYE. Mr. President, 11 other members of the Small Business Committee have joined with me in submitting the amendment. I have also discussed it with the acting majority leader, the Senator from California [Mr. KNOWLAND]. I showed him a copy of the amendment yesterday, at the time when it was sent forward. I have also discussed the amendment with the chairman of the Foreign Relations Committee, the Senator from Wisconsin [Mr. WILEY] as well as with the Senator from New Jersey [Mr. SMITH].

Before offering the amendment in the Senate, I submitted it to the Secretary of State, Mr. John Foster Dulles. From him I received, in reply, a letter which I wish to read. Thus it is obvious that the offering of this amendment is not a surprise move, for the amendment has been given much consideration.

I now read the letter from the Secretary of State, Mr. John Foster Dulles:

DEPARTMENT OF STATE,
Washington, June 29, 1953.

The Honorable EDWARD J. THYE,
United States Senate.

MY DEAR SENATOR THYE: Reference is made to your letter of June 27, 1953, in which you request the views of the Department of State concerning an amendment you propose to offer to the Mutual Security Act concerning encouragement of free enterprise and free labor.

The Department would favor the enactment of such a provision. The continued support of the United States for private competitive enterprise and free labor unions in the free world is essential in the constant struggle against communism.

The amendment you propose would avoid the unfortunate implications of existing provisions of the act that the United States

should attempt to impose economic policies on other free nations, and is very properly expressed in terms of encouraging such nations in their own efforts to strengthen free economic institutions. At the same time it would remove the risk that would be involved if reference to these objectives were omitted from the act entirely. Such an omission might create the impression abroad that the United States had abandoned its policy of encouraging free enterprise and free labor in the other countries of the free world. For these reasons, I agree that this amendment would be of positive aid in furthering United States foreign policy and would be useful in combating Communist propaganda programs in Europe.

Sincerely yours,

JOHN FOSTER DULLES.

Mr. President, I believe nothing further need be said in support of the amendment.

Mr. McCLELLAN. Mr. President, will the Senator from Minnesota yield to me?

The PRESIDING OFFICER (Mr. CASE in the chair). Does the Senator from Minnesota yield to the Senator from Arkansas?

Mr. THYE. I am delighted to yield.

Mr. McCLELLAN. I was not given an opportunity to join in cosponsoring the amendment, but I commend the Senator from Minnesota for offering it. I think it expresses a policy that is truly in keeping with our purpose and spirit in the effort to aid other countries, and I believe it would be well to incorporate the amendment in the bill.

Mr. THYE. Mr. President, I thank the Senator from Arkansas for his support. He has stated my own conviction. In all our mutual assistance activities we have endeavored to improve not only free enterprises but the whole situation and freedom of the countries with which we have participated in the program.

Mr. McCLELLAN. The Senator from Minnesota means the whole concept of freedom, does he not?

Mr. THYE. Yes; that is better.

Mr. LEHMAN. Mr. President, I rise to support the amendment offered by the Senator from Minnesota, for himself and a number of other Senators.

Among the many items in the pending bill, there is one which I very much regret to see.

The PRESIDING OFFICER. Is the Senator from Minnesota yielding the floor?

Mr. THYE. No, Mr. President. But I yield for a comment and a statement by the Senator from New York in support of the amendment. I hope action will be taken on the amendment before I yield the floor.

Mr. LEHMAN. Mr. President, will the Senator from Minnesota yield for an observation which will take approximately 4 or 5 minutes?

Mr. THYE. I shall be delighted to yield, if I may have unanimous consent to do so without losing the floor. I am anxious, of course, to have action taken on the amendment.

Mr. LEHMAN. If the Senator from Minnesota has any hesitation in yielding, by unanimous consent, in order that I may speak for 5 or 6 minutes, I shall simply ask for the floor in my own right.

Mr. THYE. Mr. President, I ask unanimous consent that the Senator from New York may speak for 4 or 5 minutes, because I understand that he wishes to comment on this amendment.

The PRESIDING OFFICER. Does the Senator from Minnesota also wish it to be understood that, in yielding for that purpose, he will not lose the floor?

Mr. THYE. Precisely so, Mr. President.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Minnesota that he may yield for 4 or 5 minutes to the Senator from New York, without losing the floor? The Chair hears none, and it is so ordered.

The Senator from New York may proceed.

Mr. LEHMAN. Mr. President, I repeat that I rise to support the amendment submitted by the Senator from Minnesota, on behalf of himself and a number of other Senators.

In connection with the pending bill, I very much regret to see the repeal of the so-called Moody-Benton amendment, whose purpose it was to encourage free enterprise and a free economy in Europe, free labor unions, and a breakup of the cartels.

I have read carefully the committee report and the excerpts from the reports of the evaluation teams which studied this matter. The Moody-Benton amendment has not, it is said, worked effectively. Yet I think it is a great mistake to repeal this amendment, as difficult as it may have been to effectuate, and as lacking in uniformity as its enforcement has been. This amendment should remain on our statute books as a declaration of our intent and of our national purpose. I feel that its repeal will be greatly misinterpreted abroad. It may be interpreted as an approval by this Government of cartels and monopolistic practices.

Surely, Mr. President, we have been using the entire mutual security program to promote the integration of the economies of the European countries and to secure many changes in internal customs and practices, both of a political and economic nature, in the countries we are assisting.

It was a great step forward, in my judgment, when we adopted the Moody-Benton amendment. I am sorry to see that it is to be stricken from the law. Surely we should, to the greatest extent possible, and without interfering unduly in the internal policies of the countries in question, encourage free trade unionism, free trade practices, and all other practices which tend to help the little people in Europe, rather than big business combines which have, unfortunately, derived the greatest benefit from the assistance program.

If we had expended more energy and devoted more attention to carrying out the purpose and intent of the Moody-Benton amendment, rather than to finding fault with it, more inroads might possibly have been made against Communist strength within some of the countries of Europe.

Mr. President, the amendment of the Senator from Minnesota of course does

not go nearly so far as did the Moody-Benton amendment; in fact, it is not exactly parallel with it. However, I think the amendment of the Senator from Minnesota is a step in the right direction.

In view of the fact that it is obvious that the Moody-Benton amendment will not be continued in the Mutual Security Act, I am very glad indeed to support the amendment of the Senator from Minnesota.

Mr. THYE. Mr. President, I have just had delivered to me a letter addressed to me by the Director of Mutual Security, Harold E. Stassen. I should like to read the letter into the RECORD:

EXECUTIVE OFFICE OF THE

PRESIDENT, OFFICE OF THE

DIRECTOR FOR MUTUAL SECURITY,

Washington, D. C., July 1, 1953.

Hon. EDWARD J. THYE,

Chairman, Select Committee on
Mutual Security, United States
Senate, Washington, D. C.

MY DEAR SENATOR THYE: This refers to your letter of June 27, 1953, requesting the views of the Mutual Security Agency on your proposed amendment to the Mutual Security Act. The amendment states the importance of increasing production and raising living standards as essential to the defensive strength of the free world, and reaffirms the United States policy of encouraging the efforts of other free countries to foster free enterprise and free labor, and encouraging American enterprise's cooperation through private investment abroad.

I believe the amendment you propose would be a positive aid in furthering the mutual-security program in Europe, and would be useful in combating Communist influence abroad. Your amendment would also prevent any possible misunderstanding in Europe that repeal of the so-called free enterprise and productivity amendments was intended as a reversal of traditional United States support of free enterprise and free labor.

Sincerely yours,

HAROLD E. STASSEN,

Director of Mutual Security.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Minnesota [Mr. THYE] for himself and other Senators.

Mr. SMITH of New Jersey. Mr. President, as the ranking member of the committee, in the absence of the Senator from Wisconsin [Mr. WILEY], I should like to speak for a moment. It seems to me that the amendment of the Senator from Minnesota is entirely in line with the thinking of the committee, because the provision of the present law involved the appropriation of a large amount of money for an organization to carry on what might be called propaganda designed to reach certain executives in other countries. That is what was objected to, it being felt that we were trying to impose our views on other countries. There was some resistance to that provision and some misunderstanding of the activity. Therefore, the committee felt that it was unwise to continue the appropriation. But everything that is expressed in the Thye amendment is in line with the committee's thinking; and, while we have not had this matter before the committee, I think I may say to the distinguished Senator from Minnesota that, so far as I am con-

cerned, I shall be very glad to support his amendment.

Mr. THYE. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota [Mr. THYE], for himself and other Senators. Without objection, the amendment is agreed to.

Mr. MANSFIELD. Mr. President, I send to the desk an amendment, which I ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 14, line 18, it is proposed to strike out the numerals "1956" and insert "1954."

Mr. MANSFIELD. Mr. President, the purpose of the amendment is to provide a termination date for the Mutual Security Act, as was contemplated when the act was originally drawn up. Members of this body will recall that the original ECA Act was to expire on June 30, 1952. I had hoped that it would expire at that time, and I had worked to that end. But unfortunately, Korea intervened, with the result that the MSA was created in place of the ECA. The termination date was then set at June 30, 1954.

I believe, as I have tried to point out, that the MSA as such has reached a point where the returns are diminishing more and more each year. I have a great regard for what both ECA and MSA have done, and I have constantly supported those programs through the years. I am supporting the measure which is now before the Senate, but I believe that the time has come to put an end to an independent agency such as MSA, and to put all economic aid as such under the Department of State, where it rightfully belongs.

If I may, I should like to call the attention of the Senate to the recommendations made in the report by the Hon. HENDERSON L. LANHAM, of Georgia, and myself, as a subcommittee of the House Foreign Affairs Committee, which went to Europe last December. The conclusions of the subcommittee are as follows:

1. All agencies engaged in foreign-aid programs should be abolished as quickly as feasible and their duties centralized under the State Department.
2. The regional office of the SRE—

That is, Special Representative for Europe—

should be abolished and all its duties transferred to MSA, Washington.

3. The positions of ambassadors and ministers now operating under MSA should be abolished.

Mr. President, I may interpolate at that point that during the past year the MSA had 19 ambassadors and ministers in addition to the regularly accredited State Department ambassadors and ministers. I continue:

4. Detail one man—with sufficient authority and prestige and a capable staff—to make a 2-month survey of all foreign-aid programs to eliminate waste and duplication, and to weed out incompetent and unnecessary personnel. We recommend Gen. Joseph McNarney, retired, who did such an outstanding job in a similar capacity for NATO in 1951.

I may say that the present able Administrator of MSA, Mr. Stassen, sent to the various countries in which MSA was operating a commission consisting of 55 businessmen. These business leaders returned, and in their report they stated:

Regardless of the original necessity of establishing separate organizations, we believe that activities having to do with our foreign relationships are a responsibility of the Department of State and should now be operated by it.

Mind you, Mr. President, these businessmen were looking into the setup of the Mutual Security Administration. I read further from the report:

If the Department of State has not in the past been equipped with either the proper personnel or the recognized capacity to carry on these functions, we believe that the time has now come for it to assume its proper responsibilities. Basic political decisions require a knowledge of economics, finance, and military, together with organizational correlation adequate to carry them out effectively. These functions should be as closely coordinated as possible.

So instead of an outstanding individual like General McNarney making an investigation, we have something that probably is better, namely, a committee composed of 55 businessmen visiting various countries at the request of the Mutual Security Administrator to find out what is wrong and what is right with MSA, and then to return home and submit recommendations. The committee came back with recommendations. It recommended that MSA should be made a part of the State Department. The fifth recommendation made by Mr. LANHAM and myself, last December, reads:

5. The creation of a permanent joint Senate-House committee to constantly check on and oversee all foreign-aid programs and to make semiannual reports to the Committee on Foreign Affairs of the House and Committee on Foreign Relations of the Senate, to the House and Senate Government Operations Committees, and to the State Department subcommittees of the Appropriations Committees of the House and Senate.

Mr. President, my reason for offering the amendment is that I think the time has come for a greater centralization and more effective administration of all our foreign-aid programs. By this amendment I do not intend to bring about the complete liquidation of MSA by June 30, 1954, because, under section 530 (a) (2) it is provided:

Funds appropriated under the authority of this act shall, if obligated before such date, remain available for expenditure for 3 years following such date, and shall be available during such period for obligation.

In other words, if MSA comes to an end in 1954, it will, in effect, mean that it will be allowed 3 years within which to liquidate its position before the final and complete termination takes place.

Mr. President, I feel that the Secretary of State should not have control merely of the making of foreign policy, but that he should also have control of the operation of foreign policy. Every aid program undertaken by this country is a part of the foreign policy of the United States, and, as such, I think it is the di-

rect responsibility of the Secretary of State. I also think that he can get the right type of personnel to aid and assist him in carrying out a program of this sort.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. MANSFIELD. I will yield in a moment.

So far as the defense aid is concerned, I should like to say that it would remain where it is now, in the Defense Department, and it would have the duty and responsibility of carrying out that part of the defense program.

I now yield to the distinguished majority leader.

Mr. KNOWLAND. Mr. President, I wonder if the distinguished Senator from Montana, who, I know, has been interested in this subject for a long time, and very deeply interested in the foreign policy of this country, having served as an able member of the Foreign Relations Committee, would consider modifying his amendment so that instead of the committee recommendation of an expiration date of 1956, or, as in the present act, of 1954, that the year be 1955, and then the 3-year pipeline provision could be reduced to 1 year. Under the circumstances, I wonder if the distinguished Senator from Montana would modify his amendment to that extent in order to accelerate action on the bill.

I cannot speak for the Foreign Relations Committee, and I am not at this point trying to do so, but I am trying to find out whether there is an area of agreement which would enable us to determine upon a mutually satisfactory date and at the same time meet most of the points raised by the distinguished Senator from Montana.

Mr. MANSFIELD. Mr. President, in view of the circumstances I should be willing to accept the suggestion of the Senator from California. I think it is a good one, when we keep in mind the fact that the original bill extends the operation of MSA to 1958. In the committee I offered an amendment to change the date to 1954. That amendment was defeated, but the committee did accept an amendment fixing the date at 1956.

I should be willing to accept a modification fixing the date at 1955, and, in the meantime, we can examine the foreign program and try to correlate all foreign-aid activities within the Department of State, so that the responsibility will be clearly discerned and the program itself will be placed where it properly belongs.

Mr. KNOWLAND. If the Senator will modify his amendment to that extent, I shall be glad to joint with him in urging upon the Foreign Relations Committee, whose chairman is not at present on the floor, but the ranking minority Member is present, that the Senator's amendment be accepted.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that that may be done.

The PRESIDING OFFICER. The Chair understands that the suggestion of the Senator from California is to modify the amendment to fix the date at 1955, and that the word "three" be changed to "one."

Mr. KNOWLAND. I think it may require two amendments, but in view of the fact that it is along the same general line I shall be prepared to offer a second amendment, unless the Senator from Montana agrees to change the pipeline provision back to 1 year.

Mr. MANSFIELD. I am not sure that that would allow us sufficient time to liquidate the organization. Would 1 year be sufficient?

Mr. KNOWLAND. Would 2 years be agreeable?

Mr. MANSFIELD. I should like to hear from the distinguished Senator from Georgia [Mr. GEORGE].

Mr. KNOWLAND. The Senator from Montana is addressing a question to the Senator from Georgia. I had thought 1 year would be sufficient. I think there would be no great problem in getting that taken care of by the Congress. Personally, I would be satisfied with 1 year, although I should be glad to have the views of the distinguished Senator from Georgia, the ranking minority member of the committee.

Mr. GEORGE. Mr. President, I do not think that more than 1 year would be needed. I am going along with the distinguished Senator from Montana in his original amendment, but if he wishes to modify it and avoid conflict on the issue, I shall be very glad to join.

In the beginning I must make my own position clear. So far as I am concerned, mutual security is going into its last fiscal year, beginning this morning. Regardless of what is done, I shall not be in favor of any further mutual security assistance after July 1954. I do not mean that I may not be for some foreign aid, but not under mutual security. The truth is that it ought to terminate. It would not greatly disturb any European countries, so far as I can see it. They are reasonably happy, at least, because the provision has been in the law since 1952 that it would terminate in 1954. I am only serving notice, individual notice, that, so far as I am concerned, the law will not be extended after the fiscal year which begins today.

I am agreeable to the amendment. There is only one way to end mutual security, and that is to cut it off. There is but one way for the Republican administration to effect economy, and that is to resurvey the whole program. So far as a survey is left in the hands of the administrators of the act, who have a vast army of persons employed at home and abroad, they will never consent to ending it.

Mr. President, while I am on my feet I desire to make one further statement. There is but one way for the nations of Western Europe ever to get and stay on their feet, and that is to let them work out the way to get and stay on their feet. If, after 7 years of large appropriations of money from the Treasury of the United States, they are not now on their feet, they never will be.

It is agreeable to me for the distinguished Senator from Montana to modify his amendment, but I am making my position clear, Mr. President, that from now on I shall not myself support any program for the Mutual Security

Agency after the fiscal year expires a year from today.

Mr. MANSFIELD. Mr. President, I thank the distinguished senior Senator from Georgia who worked with me on this amendment in the committee.

I also thank the distinguished majority leader for the consideration he has shown.

I should like at this time to modify my amendment by changing the date from 1954 to 1955, and on page 15, line 5, to strike out the word "three" and substitute the word "one."

In that respect it seems to me we are getting pretty close to my original objective, because under my amendment to strike "1956" and substitute "1954," we would have allowed a 3-year liquidation date, thus reducing it by 2 years while increasing the possibility of a continuation of MSA next year by 1 year.

The PRESIDING OFFICER. The Chair understands that the Senator from Montana is modifying his amendment by changing 1954 to 1955 and by offering an additional proposal that on page 15, line 5, the word "three" be stricken out and the word "one" be substituted.

Mr. MANSFIELD. That is correct, Mr. President.

Mr. SMITH of New Jersey. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield.

Mr. SMITH of New Jersey. I am wondering whether the Senator feels that 1 year is adequate, when we have to make commitments under the program we are now authorizing, and whether 2 years would not be preferable. I am not making any controversy over it, but am merely asking the question of the distinguished Senator.

Mr. MANSFIELD. I view of the fact that we are not going to fix the date as 1954, I feel there should be the reduction in the liquidation period suggested by the majority leader.

Mr. SMITH of New Jersey. Does the Senator mean 1 year?

Mr. MANSFIELD. That is correct.

Furthermore, I feel that continuation of aid on the basis on which we have been giving it is bound to create resentment. In effect, I think it is not bringing the nations closer together. The longer it continues, the farther apart it will push us. It is a deterrent to unity. I feel very sincerely that this Government, which has expended approximately \$39 billion since the end of the Second World War, has done just about all it can do. Moreover, in view of the economic facts of life, so far as they affect European countries, I believe Europe is on a fairly even keel at present. As I tried to point out yesterday, for the first time since the aid programs went into effect, there was a net increase in the productive capacity of Europe last year.

As one who has supported the aid programs from the beginning, and who is heartily in favor of this year's program, I also believe there is a limit to what should be done. I believe a little more consideration must be given to conditions at home, as well as to conditions abroad. I feel that the end result may

well be a firmer friendship and better understanding than is now the case.

Mr. SMITH of New Jersey. I thank the Senator from Montana for his statement. I am entirely in accord with the views he has expressed. I think we must now look forward to getting the appropriation as soon as possible, so I shall not press the point with respect to a 2-year extension, if the Senator, who has given as much study to the situation as the rest of us have, feels that 1 year is as ample for our purposes as 2 years would be.

Mr. MONRONEY. Mr. President, like my distinguished colleague from Montana, I have always favored the foreign aid program. I was a member of the Herter committee in the House, which helped to pave the way for establishment of the Marshall plan program. I heartily concur in the statement by the Senator from Montana that we must give notice to Europe and to the rest of the world that we are going to get out of the business of financing their economies, through foreign aid programs, and that we consider an indefinite and continuing program of dependency upon the United States for aid to be instrumental in building up ill will.

As this program moves lower and lower in the amount of dollar aid to the foreign countries, the more resentful those countries become at what the American program means for their economy, particularly when they must go to our mutual security officers or officials and conform their programs of development to American dictation or American wishes in order to qualify for funds. As a matter of fact, the funds which will be appropriated and made available in future years will be so low that they will not be effective and not be genuinely healthful to further recovery and prosperity of the nations overseas.

I believe we must look forward, as we terminate this program, to improving and increasing the acceptance of an increase of trade with those people as an instrument of foreign policy. They wish to work their way out of the present situation. They wish to be self-respecting traders in the world market. Unless we affirmatively adopt as the policy of the United States a determination to increase this trade, and find ways to do it, we shall probably see much of the accomplishments of our foreign-aid program drift back, so that the situation in the foreign field will be less satisfactory than it now is.

Mr. MANSFIELD. I agree with the distinguished Senator from Oklahoma. I know of his great interest in this program. I am in wholehearted accord with what he has said.

Mr. MONRONEY. The Senator from Montana will agree, will he not, that in terminating the program, we must look forward to an open door for trade, so that those people will not be hopeless? The question of tariff barriers, customs restrictions, and all the other impediments to helping them work their way out and become self-supporting nations, must be affirmatively explored by Congress.

Mr. MANSFIELD. The Senator is correct. The imbalance of trade must be corrected. The tariff walls are not all on our side. The Western European nations themselves likewise should consider some of the prohibitive tariffs which exist with respect to some of their own commodities.

Mr. MONRONEY. Indeed; but affirmative action in setting the pace in this country can do much to help tear down barriers the foreign countries have erected between themselves, as well.

Mr. MANSFIELD. The Senator is absolutely correct.

Mr. SCHOEPPEL. Mr. President, in my opinion, the amendment of the Senator from Montana decidedly improves the bill. I am in hearty accord with the position taken by the distinguished Senator from Georgia [Mr. GEORGE].

I wish to ask the distinguished Senator from Montana [Mr. MANSFIELD], who has had much experience in this field and has checked into the question, whether he feels that improvements in the administration of aid and elimination of duplication have resulted in the saving of some of the rampant running expenses which have heretofore characterized foreign aid?

Mr. MANSFIELD. On the basis of testimony presented to our committee, there has been a substantial reduction, and there will be a further substantial reduction by the 15th of July. I think also that Mr. Stassen, who is new on the job, and the persons whom he has working for him, have done good, efficient work in the period they have been operating.

Mr. SCHOEPPEL. I am glad to hear the Senator from Montana say that, because I know that in the view of many who have had some understanding of the situation the conditions with respect to duplication, waste, and expenses have been rather appalling. Likewise, the reaction that has developed in foreign countries toward the United States is quite the contrary of what we had expected.

I have had some assurances from members of the Committee on Appropriations that although we are authorizing the amount of money which has been included in the bill, which, in my view, is in the nature of a promissory note that can be cashed, we can look forward to certain reductions in amounts. There are certain phases of the bill I wish I did not have to vote for, but the Senator's amendment is a good one.

Mr. MANSFIELD. I thank the Senator from Kansas. I hope the administration of foreign aid can revert to the State Department, where it belongs, so that the Secretary of State will have full responsibility for its operation.

The PRESIDING OFFICER. Without objection, the amendments offered by the Senator from Montana [Mr. MANSFIELD] will be voted upon en bloc.

The question is on agreeing to the amendments offered by the Senator from Montana.

The amendments were agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. GEORGE. Mr. President, I did not wish to take time before the vote, because the suggestion made by the distinguished majority leader, and its willing acceptance by the distinguished Senator from Montana, who offered the original amendment, were quite agreeable to me.

However, I repeat that if President Eisenhower wishes to make economies, there is a golden opportunity to do so in this field. He cannot do it except by setting up an independent committee or commission, to review the whole work and the whole foreign aid program. When such a study is made, I am confident that the recommendation made will be such that Congress can, in good conscience, follow it, and it will result in a tremendous saving to the Treasury, in my honest judgment.

I shall not offer to this particular bill an amendment requiring or recommending that the President appoint such a commission, but the only way out of the mass of expenditures in foreign fields is through the creation of an independent commission, which the President himself will create within the year. I thought 1 year was sufficient, but it might be well to have its life extended to 2 years. At the same time, we would have an opportunity to review appropriations for the next fiscal year after the current fiscal year.

I serve notice individually that, as a member of the Committee on Foreign Relations, I am through with mutual security assistance as such. But if the President will create a commission to review all the expenditures of money in the foreign field, and if a recommendation shall be submitted, I shall be more than inclined to support it, because I know it will result in real economy to the Treasury of the United States.

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded and that further proceedings under the call be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SALTONSTALL. Mr. President, I should like to ask a question of either the chairman of the Committee on Foreign Relations or a member of the committee. I ask the question in order to make it and the answer a part of the legislative history of the pending bill.

I have been informed that despite the fact that the Economic Cooperation Act of 1948, as amended (sec. 112 (j)), requires the Administrator to provide dollars for marine insurance on commodities shipped from the United States where such insurance is placed on a competitive basis in accordance with normal trade practices prevailing prior to the outbreak of World War II, nevertheless, as a practical matter MSA refuses to allocate dollars for the payment of premiums on marine insurance except upon the request of the participating

country. Since participating governments in most cases do not make such requests unless the insurance is placed in the market of the participating country, American insurance companies are effectively kept from insuring the shipments and in fact competition is eliminated. Is that the Senator's understanding of the way this provision was intended to work? I am sure that the Senator will understand my interest because a great deal of marine insurance is placed in companies of my home State.

Mr. SMITH of New Jersey. Mr. President, with the approval of the chairman of our committee, I rise to answer the question of the Senator from Massachusetts.

I may say to him that I am very glad the question has been raised, because there has been confusion with regard to the placing of marine insurance. The question has arisen in a number of States, including my own State of New Jersey. I will say to the Senator from Massachusetts that it seems to me—and I believe I also speak for my colleagues on the committee—that the intent of this provision was that the ECA Administrator, now the MSA Administrator, was to provide dollars for marine insurance where the insurance was placed on a competitive basis in accordance with normal trade practices prevailing prior to the outbreak of World War II. In other words, I do not think that this provision of the act should be interpreted by the Administrator so as to give a competitive advantage to the marine insurance markets of the countries we are trying to help economically.

I hope I have answered the Senator's question.

Mr. SALTONSTALL. The Senator has answered the question. I appreciate the answer, because it provides a part of the legislative history of the pending bill, on which action may be taken in the departments.

The PRESIDING OFFICER (Mr. CASE in the chair). The bill is open to further amendment.

Mr. McCLELLAN. Mr. President, I may say that last evening when the majority leader made a unanimous consent request to limit debate, I wanted to agree to it, and would have agreed to it after the colloquy which passed between us.

Unfortunately, it was objected to, and I was willing then to try to expedite action on the bill and to cooperate with the leadership in every way to get the bill to final vote as soon as it was possible to do so.

A few minutes ago the distinguished majority leader asked for a quorum call, but before the call had proceeded to a conclusion he withdrew the request. I did not object.

Mr. President, what I am trying to say is I believe that if we could have a quorum call and get Members of the Senate on the floor I could, in 15 or 20 minutes, explain the amendment as I understand it, and how it will operate, and what it is designed to do. I believe it would expedite a vote on the amendment and on the bill. Otherwise, I would begin to speak now, more Senators would come on the floor as I go along,

and in that way perhaps it would take longer to consider the amendment.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. McCLELLAN. I yield.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the Senator from Arkansas may yield to me for the purpose of suggesting the absence of a quorum, without his losing his right to the floor.

The PRESIDING OFFICER. Without objection it is so ordered.

Mr. KNOWLAND. I wish to say to the distinguished Senator from Arkansas that I think his suggestion is a good one. I believe we can expedite action on the bill by having as many Members present as we can get away from their committee duties and other business.

I hope, if we can move along and finish consideration of the bill by mid-afternoon, that we will then make the reciprocal-trade bill the order of business and open debate on it. By so doing we would have a fair opportunity of finishing consideration of the reciprocal-trade bill by tomorrow. If so, we would recess from tomorrow until Monday. Otherwise it would be necessary to have a Friday session.

Mr. McCLELLAN. Mr. President, I do not know, but I believe mine is the last amendment to be offered, and I have waited until all the other amendments were disposed of, in the hope that the Senate could proceed to vote, if we could get the membership present to hear my explanation of it. After my explanation of it, the Senate could debate it, perhaps hurriedly, and we could come to a conclusion on it, and then let the bill reach a final vote.

Mr. KNOWLAND. Mr. President, the acting majority leader is glad to cooperate, and considers the suggestion to be a good one.

Mr. President, I now suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Green	McCarthy
Anderson	Griswold	McClellan
Barrett	Hayden	Millikin
Beall	Hendrickson	Monroney
Bennett	Hennings	Morse
Bricker	Hickenlooper	Mundt
Bridges	Hill	Murray
Bush	Hoey	Neely
Butler, Md.	Holland	Pastore
Butler, Nebr.	Humphrey	Payne
Byrd	Hunt	Potter
Carlson	Jackson	Purtell
Case	Johnson, Colo.	Robertson
Chavez	Johnson, Tex.	Russell
Clements	Johnston, S. C.	Saltonstall
Cooper	Kennedy	Schoeppel
Cordon	Kerr	Smathers
Dirksen	Kilgore	Smith, Maine
Douglas	Knowland	Smith, N. J.
Dworshak	Kuchel	Sparkman
Eastland	Langer	Stennis
Ellender	Lehman	Symington
Ferguson	Long	Taft
Flanders	Magnuson	Thye
Frear	Malone	Watkins
George	Mansfield	Welker
Gillette	Martin	Wiley
Goldwater	Maybank	Williams
Gore	McCarran	Young

Mr. SALTONSTALL. I announce that the Senator from Pennsylvania [Mr. Duff] and the Senator from Indi-

ana [Mr. JENNER] are necessarily absent.

The Senator from Indiana [Mr. CAPEHART] and the Senator from New Hampshire [Mr. TOBEY] are absent by leave of the Senate.

The Senator from New York [Mr. Ives] is absent by leave of the Senate, having been appointed a delegate to attend the International Labor Organization Conference at Geneva, Switzerland.

Mr. CLEMENTS. I announce that the Senator from Texas [Mr. DANIEL], the Senator from Arkansas [Mr. FULBRIGHT], and the Senator from Tennessee [Mr. KEFAUVER], are absent by leave of the Senate.

The PRESIDING OFFICER (Mr. BENNETT in the chair). A quorum is present.

Mr. McCLELLAN. Mr. President, we have considered a large number of amendments to the pending bill, and in the course of the debate, a message has come from the President of the United States recommending certain legislation to deal with a problem that is becoming quite serious in this country, if not in some respects critical, with regard to surplus agricultural products. Some amendments that have been offered to the bill were in the nature of giveaway provisions of some of the products that we are fortunate to have in excess supply. In one sense the entire bill is a giving away of our substance. It is predicated upon the theory, a theory which I hope has substance to it, that by contributing to the economic welfare of friendly nations and by helping them to shore up their own economies, we are serving our own self-interest.

The pending bill is entitled "An Amendment to the Mutual Security Act," the basic law. If there is provision in this act tending toward security for our allies and friends, or if there is a contribution to their security, and if there is to be mutuality, then there must be something for us in return. By the amendment which I shall offer at the conclusion of my remarks I shall simply propose that we try to get a little something of material value in return while we are pouring out so much of our material wealth in an effort to help sustain the free countries of the world, and at the same time to serve our own enlightened self-interest, if we want to put it on that basis.

We hear a great deal about our surplus agricultural commodities. They are not surplus with respect to the needs of the world; they are not surplus with respect to the needs of our allies; and they are not surplus to the needs of the countries who are eligible to receive aid under the pending bill. Therefore, Mr. President, instead of proposing that we simply give away some of the surpluses which we now have on hand, I propose something that is in line with the claim that what the foreign countries want is trade rather than aid. I am simply proposing to give them an opportunity, and to make it possible for them to trade with us and to purchase, not commodities which are in surplus and that are part of the stocks of the Commodity Credit Cor-

poration, but to purchase through the regular channels of trade those commodities which are in surplus now, or which may become surplus in the ensuing fiscal year.

Mr. President, I shall read the amendment and then discuss it briefly, explaining what it does, how I think it will work, and how it will operate to the mutual advantage of our country and the countries which are intended to become and which will become the beneficiaries of this authorization when an appropriation is made to implement it and to carry it out. I propose, on page 2, line 1, following "Sec. 540," to insert "(a);" to strike out the quotation marks at the end of line 13, and between lines 13 and 14 to insert a new subsection, reading as follows:

(b) Such amounts of the funds authorized to be appropriated by subsection (a) of this section as may be specified in the act appropriating such funds shall be used by the President—

I call attention to the fact that there is no fixed amount, but such an amount as the Appropriations Committee, upon the basis of testimony presented to it, may earmark, that is, after it has heard testimony for the purpose of getting an indication of how much may be needed, and how much other countries may be able to use.

The new subsection would continue—under such rules and regulations as he may prescribe, to provide military assistance to countries eligible to receive such assistance under this act through currency conversion agreements entered into in accordance with this subsection. The President is authorized to enter into an agreement with any such country which shall provide—

(1) for the conversion into currency of the United States of such amounts of the currency of such country as may be specified in such agreement, and for the use of such United States currency for the purchase of agricultural commodities produced in the United States which are determined by the Secretary of Agriculture to be in surplus supply;

(2) for the use of the currency of such country received by the United States under such agreement to procure military equipment, materials, and services in such country for the purpose of carrying out the provisions of this act;

(3) satisfactory assurance that an amount of dollar exchange, equivalent to the dollar exchange used by such country during the fiscal year beginning July 1, 1952, for the importation from the United States of each commodity covered by the agreement, will be made available by such country during the fiscal year beginning July 1, 1953, from sources other than dollar exchange made available under this section of the act for the purchase of each such commodity; and

(4) that the purchase of agricultural commodities produced in the United States with dollar exchange provided under such agreement shall be conducted through private trade channels.

Mr. President, the amendment authorizes the Appropriations Committee to earmark a portion of the funds to be appropriated for military assistance under the Mutual Security Act, for use in a currency-conversion program that will serve a dual purpose of, first, increasing exports of surplus agricultural commodities produced in the United States, by accepting foreign currencies in indirect

payment therefor. I may say that no country would be eligible for this currency-conversion agreement until that country had given satisfactory assurances that it would release dollars in sufficient amount to buy the same amount in dollar value of a specific commodity that it bought during the past fiscal year. This then becomes an inducement to that country, after it has spent those dollars, to buy as much in 1954 as it bought in the fiscal year 1953. This becomes an attractive inducement to that country. It is as though we were to say to them, "If you want to buy more of our wheat, cotton, corn, or whatever is in surplus, we will give you the dollars; you give us your currency in exchange, with the understanding that you will use those dollars to buy, not out of the Commodity Credit Corporation, but out of the regular channels of trade. You buy commodities that are in surplus, and we will take your currency and spend it in your country for military supplies and services."

Mr. President, we are going to do one of two things: We are going to spend all this money in dollars over there, or we are going to take some part of it in their currency and let them use dollars that we give them to buy these agricultural products which are in surplus. The surpluses are increasing. Let them buy through regular channels of trade, and we pay them with their own currency. It is not a give-away; it is aid by trade.

Mr. MONRONEY. Mr. President, will the Senator from Arkansas yield?

Mr. McCLELLAN. I yield.

Mr. MONRONEY. I am trying to get the meaning of the cutoff between the purchases last year and now, and I should appreciate it if the Senator would amplify it. It is still unclear to me.

Mr. McCLELLAN. It is like all other agreements we make with foreign countries. Before a country is eligible and before any conversion agreement will be entered into, that country has to give satisfactory assurances to the Mutual Security Administrator that it will release free dollars for the purchase of these products which are in surplus. When that country has given us assurance that it will buy the same amount that was purchased last year of the surplus commodities, we will make a currency conversion agreement with them whereby they buy some of these commodities, we provide the dollars, and take their currency and spend their currency with them to buy military supplies and services.

The Appropriations Committee, after it has heard testimony, is prepared to determine how much it will appropriate, \$300 million, \$400 million, \$500 million, or whatever the testimony indicates may be needed to finance the program. That money is earmarked. We would not want to earmark more than it would be reasonably anticipated would be used for that purpose.

Mr. MONRONEY. In other words, if a foreign country had used \$100 million worth of cotton, it would be entitled in the next fiscal year to purchase additional cotton on an exchange of currency.

Mr. McCLELLAN. That is correct.

Mr. MONRONEY. But it would still be limited, would it not, to the amount that is in the bill as it comes from the committee, in hard dollars that would buy anything the United States had to sell, but we are making those dollars limited in this case beyond the amount purchased in 1953?

Mr. McCLELLAN. They can be spent to the extent the Appropriations Committee earmarks the money; that is true. These dollars would not be hard dollars; they would become free dollars; they would be available only if the foreign nation wanted to buy, under the arrangement, some of our surplus agricultural products.

Mr. ELLENDER. Mr. President, will the Senator from Arkansas yield?

Mr. McCLELLAN. I yield.

Mr. ELLENDER. I wonder if the Senator can be a little more specific. Suppose a certain sum of money is allocated to Italy, let us say, in order to purchase needed cotton. Would our Government merely buy a certain amount of lire so as to permit Italy to use the dollar exchange to buy cotton in the United States?

Mr. McCLELLAN. It would have to agree to buy in the United States through the regular channels of trade. We are not requiring it to buy surplus on hand in the Commodity Credit Corporation. Of course, whatever it bought would diminish the surplus we would otherwise have at the end of the year.

Mr. ELLENDER. I understand that the money, however, would be made available to help us militarily.

Mr. McCLELLAN. The currency we get from them in exchange is spent for that purpose. It can be spent to buy planes or to buy ammunition or small arms.

Mr. ELLENDER. Are we not imposing an obligation on Italy, in consideration of our letting her have aid to buy a certain amount of surplus, such as cotton or other surplus commodities?

Mr. McCLELLAN. There is absolutely nothing compulsory about it. There is nothing to compel them to buy if they do not want to. We are trying to set up an arrangement whereby we can offer some attractive inducement to them to buy some of our products that are in surplus. That is all we are trying to do.

Mr. HUMPHREY. Mr. President, will the Senator from Arkansas yield?

Mr. McCLELLAN. I yield.

Mr. HUMPHREY. This amendment does not provide additional funds, but authorizes the utilization of the funds authorized in that particular section, as may be provided by the Appropriations Committee, out of the aggregate total; is that correct?

Mr. McCLELLAN. That is correct. The committee would have to get the approval of the Congress.

Mr. HUMPHREY. It does not provide for gifts of commodities where there may be a famine situation, does it?

Mr. McCLELLAN. It has nothing to do with that. The bill which the Senator introduced and the President's proposal in no way conflict. If we want to consider it further and come to the conclusion that the Senator's bill or the bill

of the Senator from Vermont [Mr. Aiken] is wise and desirable, this amendment in no way prevents that.

I understood the President's bill and the amendment as the Senator from Minnesota offered it last night would apply primarily to famines and to critical emergencies. Unless there is a very broad and loose interpretation placed upon the language in the President's message, I doubt if some countries would be eligible to receive our surplus commodities. That would depend, of course, upon the language of the bill when it is finally passed.

Mr. HUMPHREY. In other words, the amendment which the Senator from Arkansas offers is essentially directed toward the fulfillment of what might be normal needs on the part of the purchasing country.

Mr. McCLELLAN. Yes; that is correct.

Mr. HUMPHREY. But that country may be short of dollars. Once the country has certified that it will spend as many dollars in the ensuing year as it did in the previous year—

Mr. McCLELLAN. For a specified commodity.

Mr. HUMPHREY. Then it becomes eligible for the currency conversion arrangement which permits the United States to accept foreign currency and provide dollars in a similar amount under the foreign agreement. Then we, in turn, spent the foreign currency in the foreign country.

Mr. McCLELLAN. Yes. So they would be receiving every dollar of aid under the bill that they would receive if we spent all dollars. All we are doing is making it possible for them to come here and go into the open market and buy commodities which are already in surplus and which might be in greater surplus at the end of the next crop year.

Mr. HUMPHREY. The amendment which I offered last night, while its language was not nearly so specific as is the language which is now being proposed, in the portion where I proposed to authorize the President to utilize our surplus commodities as he deems necessary in connection with our foreign policy and our national security, in my explanation I pointed out that it might mean a gift, a sale at a concessional price, a sale on a long-term loan, or it might mean a sale with currency conversion.

As I understand the Senator's amendment, it is limited specifically to normal-trade practices. However, normal-trade practices today are blocked, because of the inability of some would-be purchasing countries to have a sufficient number of dollars.

Mr. McCLELLAN. That is correct.

Mr. HUMPHREY. So long as those countries duplicate their regular-trade pattern in a particular commodity for the coming year on the basis of their last year's purchases, then they are eligible to purchase additional commodities by means of the United States Government making up the dollars, when the purchasing country provides from local funds an equal amount.

Mr. McCLELLAN. By conversion of their currency; and they would at any

rate get back every benefit we would provide in dollars because we would spend the currency in their countries on whatever contracts we have for supplies. Furthermore, I think we would finally give those supplies to them, such as materials and arms. Much of the supplies we would give to them after we had bought and paid for them.

Mr. HUMPHREY. I desire to have the record clear that, to my mind, what the Senator has proposed is very constructive. I think it fits into what I may call the normal-trade pattern among nations. It can be sufficiently comprehensive to mean what the President suggested in his message. But I think I should state that, at least from my point of view, it is a forward step. It makes possible an improvement in the trade relationships among nations, and permits us to utilize local currencies, while affording a greater exchange of goods.

Mr. McCLELLAN. The Senator is correct. It is an inducement to create more trade, which is what foreign nations have been clamoring for. They say they want more trade, and less aid. My amendment is designed to help them accomplish that purpose. At the same time, it will not cost the United States any more, nor will it deprive foreign countries of any benefits, which they would get anyhow.

Mr. HUMPHREY. Since the amendment is attached to section 540, there may be some who will say it will dilute or diminish the amount of military assistance funds. As I understand, the Senator is not asking that there be any specific amount specified; he is saying the amount will be determined by the Committee on Appropriations. It may be \$10 million, \$15 million, \$25 million, or any other amount.

Mr. McCLELLAN. It is only an authorization. When the appropriation is considered, it will be subject to amendment, in the final judgment of the Senate and of Congress as a whole.

The Senator may recall that in 1949, I believe, it was, I undertook to place a similar amendment on an appropriation bill, but it was ruled to be legislation, and we were unable to have the rules suspended. The amendment was not exactly like the one now offered, but it was directed toward the same goal.

What I am now seeking to do is to place the amendment in the authorization bill, so that the Committee on Appropriations can hear testimony. The committee may not earmark one dollar for the purpose specified. It may not feel justified in earmarking one dollar. But if the committee concludes that it is justified, then it will have the authority to do so, and the appropriation made for this purpose would be fully authorized. The only question then before the Senate would be as to the amount, or the wisdom of making any appropriation at all.

Mr. HUMPHREY. In view of what I might say was the rather dismal showing on the vote last evening in respect to what I considered to be a worthy objective, realizing that there were honest differences of opinion as to the amount to be involved, I believe this to be a constructive and a positive step toward what

we are seeking. I gather from the Senator's remarks that he is now proceeding on the basis of an authorization—

Mr. McCLELLAN. An authorization only.

Mr. HUMPHREY. Which he did not do previously as to the appropriation item.

Mr. McCLELLAN. The Senator is correct.

Mr. HUMPHREY. The Senator is relying on the Committee on Appropriations to determine the dollar amount, if any, that will be utilized out of this section. He is not authorizing any dollar amount. It is an open-end authorization, and the amount is left to the Committee on Appropriations.

Mr. McCLELLAN. The Senator is correct. I do not believe we could very intelligently earmark any funds at this time. If the judgment of the Committee on Appropriations errs in fixing an amount, the Senate, of course, can correct the error.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. McCLELLAN. I yield.

Mr. ELLENDER. When the distinguished Senator states that he desires that the Committee on Appropriations shall earmark a certain portion of this amount—

Mr. McCLELLAN. I anticipate that the Committee on Appropriations would say "Not to exceed."

Mr. ELLENDER. For what? To buy surplus commodities?

Mr. McCLELLAN. It would be under the currency exchange provision.

Mr. ELLENDER. But would a certain amount of the appropriation be earmarked?

Mr. McCLELLAN. It would be used to carry out subsection (b) of the bill, which would be this subsection.

Mr. ELLENDER. Does that subsection deal with surpluses?

Mr. McCLELLAN. It deals with currency exchange for the purchase of surpluses.

Mr. ELLENDER. If there is no obligation on the part of a country to utilize funds that are made available to buy surpluses, what is the purpose of the Senator's amendment?

Mr. McCLELLAN. It says they may be used.

Mr. ELLENDER. As the Senator answered previously, there would be no obligation to buy surpluses on the part of a country that obtained funds from the United States.

Mr. McCLELLAN. I do not think there is an obligation upon any country to accept \$1 of these funds if they do not wish to accept them. They can say they do not want our help. But if they want to cooperate and help to stimulate trade and get something they need which we have in abundance, without hurting us, this is an opportunity.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. McCLELLAN. I yield.

Mr. MONRONEY. I am still trying to get an understanding of the matter. This is the first time I have observed the Senator's amendment. The Senator says that foreign countries are not

obligated to accept the deal, but that the money will be reserved out of the bill by the Committee on Appropriations.

Mr. McCLELLAN. That is correct. Just as in the case of any other item in the bill, the provision will be that the funds may be used. That is what it will say, that it may be used.

Mr. MONRONEY. But as the bill would come from the Committee on Appropriations, if we assume that \$500 million would be earmarked for this transaction by the Appropriations Committee, and it should not be used in the plan proposed by the Senator from Arkansas, then it would be lost to European aid.

Mr. McCLELLAN. I think that would depend on the way the provision was written in the appropriation bill. There could be a complete limitation, or a limitation subject to discretion. This amendment does not determine that. That would be determined by language in the appropriation bill.

Mr. MONRONEY. Does the amendment prohibit transactions between the Commodity Credit Corporation and the governments involved? Those moving through private channels must clear through private channels, or if the grade or quantities of materials in surplus are not readily available at ocean ports, can the Commodity Credit Corporation accept them?

Mr. McCLELLAN. I should think they could, if the articles were not available through regular channels. I think the purpose is to try to stimulate trade through regular channels. It is not the purpose to make this amendment a dumping amendment, as the term is sometimes used.

Mr. MONRONEY. In other words, if we elected to use for export Government sources entirely, eventually our private sources would go out of business.

Mr. McCLELLAN. The Senator is correct.

Mr. MONRONEY. And the Government would have that load placed on it, whether it wanted it or not.

Mr. McCLELLAN. That is right. We are trying to avoid that. We are trying to keep the trade in private channels, and are attempting to stimulate private trade, so as to make it possible for the foreign countries to have more dollars with which to purchase. At the same time, they will be getting every dollar's worth of benefit out of this bill.

Mr. MONRONEY. I am impressed with the goal at which the Senator from Arkansas is driving. Yet I fear that if the amendment involves a large amount of aid, damage will be done to perhaps the last foreign aid bill to come before the Senate. By absorbing a billion dollars or a half billion dollars in this program, we would be doing damage to the foreign aid concept. Could the Senator give us an idea of the amount he is thinking of in those terms?

Mr. McCLELLAN. I said I did not think anyone could be accurate. I do not know what the testimony will show. I do not know whether the amount would be \$200 million, \$300 million, or some other amount. But whatever amount it may be, it can not do any damage, because every dollar any country uses for

any purpose will be spent right back with us. I do not see how it could do any damage at all. They would not get any less.

Mr. MONRONEY. Within the limit of \$100 million or \$200 million I agree that there would probably be a very beneficial effect upon our surplus agricultural economy, in connection with our private transactions to keep alive our exporting business. However, if such a program should reach the proportions of \$1 billion or \$2 billion I might violently disagree, because then we would be destroying the very thing we are trying to promote, namely, the supplying of the dollar gap. If the amount were specified and the program were limited to surplus agricultural commodities, it might be a very fine thing, to the extent of perhaps \$100 million. But when it comes to amounts in excess of that, I would be inclined to vote against the Senator's amendment.

Mr. McCLELLAN. I cannot speak for the Appropriations Committee. The Appropriations Committee does not always speak for the Senate. Sometimes the Senate revises its recommendations.

Mr. MONRONEY. The Senator from Arkansas is one of the able and distinguished members of the Appropriations Committee.

Mr. McCLELLAN. I thank the Senator. I am not trying to fix any amount. I am not trying to wreck the program. However, if we are to spend money I want to get some benefit from it. We have heard from the distinguished senior Senator from Georgia [Mr. GEORGE] today that the program covered by this bill is the end, so far as he is concerned. I might agree with that view.

This is not an amendment aimed at crippling the bill. It is not intended to do so. It is intended to promote mutual assistance, and at the same time not to interfere with the military aid which this bill provides.

Mr. MONRONEY. I agree with the Senator that to a small degree, and within certain limits, the plan might be a very good one.

Mr. McCLELLAN. I think it would be a good thing to at least experiment with it to a certain degree.

Mr. MONRONEY. I agree with the Senator. I think we must move toward more trade and less aid. Anything in that direction would be beneficial to the economy of this country.

Mr. McCLELLAN. I would not insist on any exorbitant amount being earmarked for that purpose. I have no definite idea as to the amount. I should like to hear the testimony of the MSA officials, and get what information we can from them. If this provision goes into the bill, no doubt they will check through their sources of information in foreign countries and see what the prospects are, so that they may give us some idea of what the program should be, and how extensive the operation can be without doing any damage to the program or wrecking it, and without imposing upon foreign countries something contrary to their will.

Mr. MONRONEY. To a limited degree—such as an amount of \$50 million

or \$100 million—I think it would be very beneficial. However, if the program should involve large amounts, to the point where it would represent an important percentage of the overall program, I am afraid we would destroy the program which we are trying to promote today in getting Europe to rearm. Part of the justification for the rearmament is that there will be liquid dollars which can be spent for whatever purpose the foreign countries wish to spend them, whether for supplies, materials, or machinery. That is the incentive, and represents the mutuality on our part. It is essential that Europe shall provide modern equipment for the European defense community and for the NATO army.

Mr. McCLELLAN. Let me say to the Senator that if the Appropriations Committee should earmark too much, the appropriation bill will come to the floor of the Senate, together with whatever record is made to help us reach an intelligent decision.

I hope the Senator from Oklahoma will go along with this amendment and let us see if we can find a way to make the program reciprocal and mutual, as it is intended to be. Foreign countries need the surplus food which we have. They need the surplus fiber which we have. We are trying to make it possible for them to get more of it. We are not trying to dump something on them that we cannot use or do not need. Neither are we trying to curtail or cripple the military-aid program, because every unit of their currency that we get in exchange for dollars will be spent for the very things for which we have contracted to spend the money in the foreign country.

Mr. MONRONEY. Assume that the program should be restricted to a figure in the neighborhood of \$100 million—

Mr. McCLELLAN. I cannot pledge that.

Mr. MONRONEY. The junior Senator from Oklahoma intends to vote for the amendment, on the assumption that the operation will probably be restricted, and perhaps limited to approximately \$100 million.

Mr. McCLELLAN. I say to the Senator that even if we can put \$100 million more of these surplus products into the channels of trade, it may open the way to greatly improved trade between the countries.

Mr. STENNIS. Mr. President, will the Senator yield for a question?

Mr. McCLELLAN. I am glad to yield to the Senator from Mississippi.

Mr. STENNIS. As I understand, the Senator proposes, through this conversion plan, to create certain credits in foreign countries, in their own money, which could be used to take care of our expenditures there. Is that correct?

Mr. McCLELLAN. That is true to the extent that they enter into an agreement that they will use the dollars to purchase, through the regular channels to trade over here, our agricultural commodities which are in surplus. In turn we agree to spend their currency back there, to provide them with military assistance for which otherwise we would be compelled to spend dollars.

Mr. STENNIS. To the extent this amendment might operate, that would be the system to be followed, using their money for the erection of military public works or other structures.

Mr. McCLELLAN. That is true. Bear in mind that this amendment would not interfere with normal trade, to the extent of the number of dollars they would normally release, on the basis of what they bought last year. They still must supply those dollars. Much of that money they may obtain under the provisions of this bill. However, this program operates after they have given assurance that dollars will be released to a certain extent. We make an agreement with them.

Mr. STENNIS. As an indication of the need for such funds, and how the proposal would fit into the present program, the Senator from South Dakota [Mr. CASE], who is chairman of the Subcommittee on Military Public Works, recently requested figures as to the amount of funds now available now in France, to be spent there by us. He found that the amount was around \$20 million. When that fact was reported to the Appropriations Committee, with the suggestion that the committee consider providing for the application of some of those funds to military construction, the Senator from South Dakota found that there were \$240 million worth of claims that could be applied against the \$20 million, that is, there was an amount of \$240 million which could be lawfully expended, as against the \$20 million, which shows the enormous demand which is accumulating in those countries for the very kind of funds which the Senator's amendment would supply. At the same time, the plan would take care of surplus agricultural commodities.

Mr. McCLELLAN. We are always talking about trade barriers. We have the opportunity here to provide foreign countries with dollars to buy what we have, and in turn, to take their own money and buy what we need from them, much of which we are going to give to them. We are buying it with their own currency and then giving it to them, leaving it in the foreign country to serve that country and serve us in security fields.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. McCLELLAN. I yield to the Senator from Kansas.

Mr. CARLSON. I have listened with great interest to the discussion of the amendment of the Senator from Arkansas. I have been trying to place myself in the frame of mind in which I might be able to support the amendment, because I feel that it has great merit. In the first place, it would provide food for people who need food. In the second place, it would dispose of surplus agricultural commodities.

I am having some difficulty, however, when it comes to the method of using the funds. As I understand, the amendment would give the Mutual Security Administration the authority to barter and trade. It had been my sincere hope that we could get to the place where we

would gradually close out the agency, instead of giving it more work and more problems to contend with.

Mr. McCLELLAN. Of course the program would be extended for only 1 year, as I understand. We could close it out next year, if we wished to do so. In other words, we are going to spend money in the amount that we may appropriate under the authority which we would set up in the pending bill. I do not know what the amount of the appropriation will be. However, we are going to spend some money, and we are now authorizing the expenditure of it. I am merely trying to find a way to take some of the dollars and exchange them for foreign currency, so that foreign governments will have the dollars with which to buy, through regular trade channels, what they need to buy from us what we have in great abundance. The currency which we get from them will go right back into those countries for the things they have that we need and which are associated with this program only, namely, military aid. They are now manufacturing weapons and we are paying them with dollars. They would be paid with their own currency. It would not be in any great amount. Certainly it would not all be spent in that way.

Mr. CARLSON. Mr. President, will the Senator yield further?

Mr. McCLELLAN. I yield.

Mr. CARLSON. I wish to commend the Senator for working out a very fine amendment. As I say, I am struggling with myself about it. I am fearful about it. The Senator has stated that this would involve a 1-year period. It seems to me that we would get involved in another program.

Mr. McCLELLAN. I may say that the provisions in the bill are extended for 2 years, if I am not mistaken.

Mr. CARLSON. Whatever the time is, it is for a certain period of time.

Mr. McCLELLAN. It is necessary each year to make appropriations, of course. If the bill is not further amended, the time of it—I am not sure of the time, but I think it is a 2-year period. Am I correct about it?

Mr. GEORGE. One year after fiscal 1954, which is to July 1955.

Mr. McCLELLAN. That makes it 2 years from now. That is my understanding. The provision does not expire in 1 year. It goes on for 2 years, or for the life of the bill.

Mr. CARLSON. I think it is a very worthy objective, and that it attacks a problem which Congress should consider. It seems to me that we should have an opportunity to hear testimony on it in committee and give it some real thought and study.

Mr. McCLELLAN. Of course, I would be willing to have testimony heard on it in the Committee on Appropriations. I have not gone along with the general idea of taking our surplus commodities and giving them away. I do not think, as some have said, that we make friends by doing it, except in crises or emergencies or great famines.

I think the people over there would rather earn and buy. In this way, they would have an opportunity to earn dol-

lars. They would be trading their currency, and they would be selling us something in return. I believe this is the time to place such an authorization in the bill, and then let the Appropriations Committee hear testimony on it, and determine to what extent we should try it out this year.

Mr. CASE. Mr. President, will the Senator yield?

Mr. McCLELLAN. I am very glad to yield.

Mr. CASE. I may say, first, that I think the Senator from Arkansas is coming close to what ought to be done with respect to making the money that is available in the Mutual Security program do double duty by relating it to the agricultural commodities.

I thought the trouble we faced last night with the so-called Humphrey amendment was that it was very much wide open. It did not establish standards. The amendment of the Senator from Arkansas does establish a standard, in the first place, by limiting its application to "countries eligible to receive such assistance under this act." It is limited to countries qualifying under the act.

Further than that, there is also provided a standard requiring a currency exchange. That establishes a limitation. Other countries will not give up their currency except for something they really need.

The Senator from South Dakota has an amendment pending, which he will offer in the event the Senator's amendment is not agreed to, which acts on the same principle. Personally, I shall support and do support the amendment to be offered by the Senator from Arkansas.

Mr. McCLELLAN. I thank the Senator from South Dakota.

Mr. CASE. However I should like to ask the Senator if he would accept a slight modification in subparagraph (1). I think it is a very important modification.

The PRESIDING OFFICER. The Chair would state that no amendment is pending at this time.

Mr. McCLELLAN. I had announced that I shall, at the conclusion of my remarks, offer the amendment. In order to discuss it I read it myself, because, as I read it, I wanted to discuss it. I shall, at the conclusion of my remarks, offer the amendment as it is at the desk, or with such modifications as may be added to it.

Mr. CASE. The modification which I should like to suggest for the consideration of the Senator from Arkansas is that after the words "agricultural commodities" on page 2, line 5 of the amendment, there be inserted a comma and the words "including meat products and livestock."

The Commodity Credit Corporation today does not buy livestock. It does buy some meat products. In order that there may be no misunderstanding about it—

Mr. McCLELLAN. May I ask the Senator whether meat products have been declared to be in surplus by the Secretary of Agriculture?

Mr. CASE. The language of the Senator's amendment, I believe, would take care of the situation. It provides "for the purchase of agricultural commodities produced in the United States which are determined by the Secretary of Agriculture to be in surplus supply."

Mr. McCLELLAN. That is correct.

Mr. CASE. If the Secretary of Agriculture should find that as of today we have a surplus of livestock, for example, or of meat products, then I believe the money could be used for that purpose. The point at which our farm market is breaking down today, as I believe the Senator from Arkansas well understands, is that we have a support program for grains and we have a support program for certain commodities, but there is no support program for livestock. At this time, because of the drought and the consequent sending of animals to market in unprecedented numbers from a certain area, it is difficult for the market to absorb them.

Mr. McCLELLAN. Mr. President, I would say to the Senator that if we added meat products, or the language which the Senator suggests, the foreign countries still would not be eligible to buy them unless the Secretary of Agriculture declared them to be in surplus supply.

Mr. CASE. That is correct. That is all right. I believe the Secretary of Agriculture should have that authority. We ought not to buy products in a market where there is no surplus, and use them in this fashion. I believe there is sound logic and sound economy in taking products which are in surplus supply and exchanging them for local currencies.

Mr. McCLELLAN. I do not feel that I have any objection to the Senator's suggested modification. I am not an expert on livestock, and I think that probably there will be some surplus of it under conditions that prevail, but it has not been declared as such.

Mr. CASE. I may say that the cattle number stands at almost an all time high in the history of our country, namely, at 96 million head. It was expected at first that it might go as high as 99 million head, which would be an all time high. Those figures are the result of a number of bad practices of the past few years, such as slaughtering quotas, compulsory grading, and roll-back of prices. However, the fact remains that the cattle numbers have gone up about 15 million head in the past 3 years.

Slaughterings have gone down and consequently we have a glut, so to speak, of cattle, in a larger number than the market would normally handle.

Cattle have been selling at distress prices in the drought areas of the Southwest. Something is needed to permit the consumption to catch up with the animal supply and to get things in balance again, as I could develop at some length.

In a talk I had with the Korean Ambassador, he said that the things that they were short of most were proteins. He pointed out that whereas the Chinese were pork eaters, the Japanese were fish eaters, the Koreans were essentially beef

eaters. Making available at this time cattle for these countries would provide them with transportation, namely, something with which to haul their carts and also provide them with food.

So it seems to me the language of the amendment should be modified so as to make it perfectly clear that meat products and livestock could be included, when so determined by the Secretary.

Mr. McCLELLAN. I think it should be sufficient just to provide for meat and meat products, because they are not going to buy live animals.

Mr. CASE. I think the amendment should include livestock. In my discussion with the Ambassador from South Korea, he was very clear on that point, namely, that it would help South Korea a great deal to have livestock, because their transport has been almost entirely destroyed. They use oxen to pull their carts. If they were sent cows, in many instances the cows would provide milk or meat or transportation.

Mr. BARRETT. Mr. President, will the Senator from Arkansas yield to me?

Mr. McCLELLAN. I yield to the Senator from Wyoming.

Mr. BARRETT. I joined with the junior Senator from South Dakota, [Mr. CASE], in the introduction of an amendment that would make it possible for foreign countries participating in this program to use 5 percent of the funds available to purchase surplus cattle and surplus meat and meat products. If the Senator from Arkansas will accept the amendment proposed by the Senator from South Dakota that it will help ease the situation confronting the cattle producers if the Appropriations Committee will earmark substantive funds for that purpose. If I understood the Senator from Arkansas correctly, he indicated that the Secretary of Agriculture has not declared that there is a surplus of cattle and beef in the United States. I call attention to the fact that only yesterday the Secretary of Agriculture announced his intention of purchasing 221 million pounds of beef this year.

Mr. McCLELLAN. I asked whether such a declaration had been made.

Mr. BARRETT. I do not think there has been any direct declaration that the Secretary has found and determined that beef and cattle are surplus in the United States, but his action in announcing that they intended to buy 221 million pounds of beef during the rest of the year, for the school-lunch program, for the Greek Army, and for Army purposes, indicates very clearly that he came to that very conclusion.

Mr. McCLELLAN. I would be glad to modify the amendment so as to insert "meats and meat products," but I am not convinced that we should insert "livestock." I do not know how many animals probably would be purchased. I am not familiar with that situation. But I am sure some meat is purchased. I think it helps some farmers, at least, just as much if they are able to sell meat, as if they are able to sell cotton, tobacco, wheat, corn, and other commodities.

Mr. BARRETT. Mr. President, will the Senator from Arkansas yield further?

Mr. McCLELLAN. I yield.

Mr. BARRETT. I think it would be desirable to leave livestock in as well as meat and meat products. It seems to me there may be several nations that would want to purchase live cattle, and, of course, this would help materially if they would acquire a considerable number of our surplus cows. Our cattle population jumped from 78 million head 4 years ago, up to 93 million head today, and it is anticipated that by the first of next year it will reach 100 million head. The difficulty is that cows have not been going to slaughter.

A program which would enable the Secretary of Agriculture as agent for these foreign powers to purchase let us say 750,000 head or 1 million head of cows would enable these countries to get started with base herds that will make it possible for them to support themselves.

Mr. McCLELLAN. Mr. President, I think the Senator from Wyoming should submit an amendment of his own for that purpose. I would not wish to modify this amendment to that extent. This amendment provides for purchases through regular channels of trade, and not by having the Government make shipments to another country.

Mr. BARRETT. I think the same result would be achieved if the funds were made available to a foreign country. Then it could purchase in the United States, through normal trade channels in terminal markets for livestock or from packers in the same manner that the Secretary of Agriculture does at the present time.

Mr. CASE. Mr. President, will the Senator from Arkansas yield further to me?

Mr. McCLELLAN. I yield.

Mr. CASE. I do not think there would be too much difficulty with the language of paragraph (4) on page 2 of the amendment, which now reads:

That the purchase of agricultural commodities produced in the United States with dollar exchange provided under such agreement shall be conducted through private trade channels.

Mr. McCLELLAN. That is correct; it says "private trade channels."

Mr. MUNDT. Mr. President, will the Senator from Arkansas yield to me?

Mr. McCLELLAN. I yield.

Mr. MUNDT. Yesterday the Department of Agriculture announced, as the Senator knows, that it was going into the market to the extent of purchasing 221 million pounds of various beef products.

It seems to me that the amendment of the Senator from Arkansas is drawn in such fashion that certain criteria would have to be established, in any event—perhaps by the Appropriations Committee, after consultation.

Mr. McCLELLAN. That is correct.

Mr. MUNDT. So perhaps it would be necessary to modify the amendment, in order to provide for that detail.

Mr. McCLELLAN. I am willing to modify the amendment so as to provide for "meat and meat products."

Mr. MUNDT. I think the Senator from Arkansas might also follow the

other suggestion of my colleague, so as to include "live animals."

Mr. McCLELLAN. I am more familiar with meat than I am with animals.

Mr. MUNDT. If one can be included, of course, the other can be, in order to attain the same objective. It is entirely possible that a foreign country might need both meat and live animals.

Mr. McCLELLAN. I wonder whether there is a possibility that a foreign country would wish to buy live animals.

Mr. MUNDT. In South Korea, for instance, the cattle have been killed by bombings and gunfire, as a result of enemy action; and when peace comes, the South Koreans will have to establish a new foundation herd. That is a specific case. I assume that live animals are also needed in India.

The amendment, as thus modified, would simply give the Government additional authority, if and when it became desirable to use it.

Mr. CASE. Mr. President, will the Senator from Arkansas yield further to me?

Mr. McCLELLAN. I yield.

Mr. CASE. I should like to give a little direct evidence on this point.

When the two Senators from South Dakota introduced a bill proposing an aid program of this type for South Korea, I received from the Ambassador from South Korea a letter in which he commented upon the introduction of the bill and expressed his appreciation for it.

In his letter he stated:

May I tell you that the news of this proposal of yours in Korea will immediately better the morale of the Korean people. It is a tragic thing, as you have pointed out, that our Korean soldiers at the front, who represent 60 percent of the line, are so woefully underfed that their diet and the diet of the Korean people also is much less than what the American authorities, in observance of the Geneva Convention, feed the prisoners of war.

Following the receipt of that letter, I communicated with the South Korean Ambassador, and said that I should like to visit with him a little. He came to my office, thereafter. He is a very interesting man. He is a doctor, by profession. Perhaps his information about the diet of the Korean people is better for that reason.

We had a conference for several hours, during which we reviewed the whole situation regarding food and so forth, in South Korea. At the conclusion of the conference, I asked him if he would write me a letter setting forth some of the things we had discussed.

I now have before me a copy of the letter, which is dated March 25. One paragraph of the letter is directly directed to the point about which the Senator from Arkansas inquired. I now read that paragraph:

You may remember my comments on farm animals. The losses in virtually all forms of livestock have been very heavy, and there has been a sharp decline in the number of draft animals for tilling the soil. I am sure that the amelioration of this situation would mean an increase in agricultural production in South Korea.

In discussing draft animals, he said: Do not send us horses—

Because of the feed problem, and so forth—

but send us cattle, because we can milk some of them and can use them for transportation, or in the final analysis we can eat them.

He pointed out that they had carts, and that the availability of cattle to pull the carts would restore their transportation system, and also their ability to till the soil.

So I think livestock is an essential part of this problem, and will go right along with the production of meat.

Mr. McCLELLAN. Mr. President, this matter will have to be worked out in conference, in any event. If the amendment is adopted, it will go to conference, and the Appropriations Committee will have to consider it, and could amend it by providing for the inclusion of livestock, and so forth. In other words, we shall get another look at the amendment.

I am not opposing the modification the Senators from South Dakota have suggested. If we can sell more livestock, that will be satisfactory, of course.

Mr. MUNDT. Mr. President, will the Senator from Arkansas yield further to me?

Mr. McCLELLAN. I am glad to yield.

Mr. MUNDT. If the amendment goes to conference, and if livestock is included in the amendment at this time, if the conferees decide that the inclusion of livestock is unwise, it can be omitted at the conference. On the other hand, if livestock is not included in the amendment now, it cannot be included in conference. So I think it wise to include livestock now.

Mr. McCLELLAN. That is true. As I say, the amendment could go to conference, where consideration could be given. As the Senator from South Dakota has pointed out, the word "livestock," if now included, could be stricken out in conference, but could not be included for the first time there.

Mr. MUNDT. Precisely.

So I am hopeful that the Senator from Arkansas will modify his amendment in order to accomplish that purpose. But in a broader sense, Mr. President, I should like to associate myself very definitely with the objective of the Senator's amendment. I think it is very constructive. It undertakes to deal with a problem with which the Congress has been concerned for some time. In the Senate Committee on Agriculture and Forestry for several months, awaiting action and hearings and governmental reports, there has been a proposal somewhat analogous to that of the Senator from Arkansas, a proposal which is broader in scope, because it does not deal only with particular countries, as suggested by the Senator from Arkansas, but it seeks in some way to utilize the purchasing power represented by American agricultural surpluses in the open markets of the world.

There are countries which need our foods and fibers. We have the commodities available, and they have in their local currencies the money with which to purchase them. We need to establish some clearinghouse arrange-

ment, some common denominator, so that they can pay for the foods and fibers we have, and may pay for them in the kinds of currencies which are available to them. The Senator's amendment, at least in this small sense, is an opening of the door in that direction, and I hope it will be agreed to.

Mr. McCLELLAN. I thank the distinguished Senator.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. McCLELLAN. I yield to the Senator from South Carolina.

Mr. JOHNSTON of South Carolina. Mr. President, I am very much in favor of the amendment of the Senator from Arkansas. I think the adoption of the amendment would do a great deal of good. We are desirous of increasing our trade with other nations. The cry at the present time is that those nations do not have the dollars with which to buy. The Senator's proposal would provide them with the necessary dollars with which to buy. It would encourage exports of our commodities to those nations.

Furthermore, if we do not enact such provision as this, the United States will have to pay out several million dollars, since surpluses have already been built up in respect to many commodities, including cotton, corn, and wheat, and at the present time there is a question in regard to beef. If the Government should have to take over these surpluses, it would eventually cost the Treasury perhaps millions upon millions of dollars.

I am glad to say that in the past certain of the commodities such as cotton have not cost us anything; indeed we made \$268 million as a result of the Federal Government's action in taking over cotton. We shall have to take over still more cotton, and we may not be so fortunate this time as we have been in the past. We have sufficient cotton and probably sufficient wheat to meet our requirements for another year in advance. What are we going to do with it? The amendment offered by the Senator from Arkansas, in my opinion, will remedy the situation. Therefore, I am very much in favor of the amendment.

Mr. McCLELLAN. I thank the distinguished Senator from South Carolina. Mr. President, I modify my amendment on page 1, in subparagraph (1), after the word "commodities," by inserting the words "livestock, meats, and meat products."

The PRESIDING OFFICER. The Senator from Arkansas modifies his amendment accordingly.

Mr. AIKEN. Mr. President, will the Senator yield to enable me to make a brief statement? I am required to leave the floor to attend to another matter.

Mr. McCLELLAN. I am glad to yield to the Senator from Vermont.

Mr. AIKEN. I am not undertaking in any way to decry the Senator's amendment. I think it has a valuable objective, an objective similar to that of several bills introduced in the Congress during the present session.

Let me say, first, that the business and commercial interests of the country desire to be heard on this matter. They have asked permission to be heard, in the expectation that the Committee on Agriculture and Forestry would conduct hearings on one or more of the bills which have been introduced.

For myself, I may also say that I want to know more about the effect on the currencies of the world this proposal would have. I think it is too tremendous a subject to be handled by way of amendment to a mutual aid authorization bill.

Mr. McCLELLAN. If the Senator will permit, I may say I do not see how it could have any adverse effect on currencies. Will the Senator tell me how it could affect the currencies of the world?

Mr. AIKEN. On that point I should like to hear from some of the people who are dealing in international currencies and in international trade.

But what I really rose to say was that the Committee on Agriculture and Forestry has contemplated beginning hearings during the early part of the week following next week. We cannot begin next week, because we have wheat allotments and cotton allotments and 2 or 3 other matters to consider; but, at the beginning of the week following, I had expected to begin hearings on this matter. If the amendment of the Senator from Arkansas is not agreed to, we shall proceed with the hearings as contemplated, and shall give notice almost immediately of the date of the hearings.

If the Senator's amendment is adopted, it will then be my intention to wait until after the House and Senate conferees shall have met. If the conferees accept the amendment, there will be little need and little use of holding further hearings at this time. If the amendment is rejected by the conferees, it would then be my purpose to set a date, possibly a week following the time of its rejection, for the beginning of hearings. Whether that would be too late to enable us to take action this year, I could not say. But let us not attempt to do anything like this without letting the business and commercial people of America have a chance to express themselves.

Mr. McCLELLAN. Mr. President, let me say we have been dealing with programs of mutual aid and security for years, and certainly if the Committee on Agriculture and Forestry is so much exercised and concerned about it, the committee has had ample time in which to conduct inquiries in the past. I offered a similar amendment to certain appropriation bills, 2 or 3 years ago. I want to see the Senate get away from a proposal which I think would make a complete giveaway. I want to see the pending bill become what it ought to be, namely, a mutual security and mutual aid bill. I want to have something reciprocal about it, something that is material and concrete, something we can see and feel and know.

Mr. AIKEN. Mr. President, if the Senator will let me make a further statement, I may say that, of course, I shall

abide by the decision of the Senate. If the Senate enacts legislation in this manner without giving the people who are most interested in it an opportunity to be heard, that will be the will of the Senate, and I shall accept it.

I had intended later today to announce a time for starting hearings on this entire subject, at which hearings we would be glad to have the Senator from Arkansas present his amendment, either as an amendment to another bill or as a separate bill. I can assure the Senator it would receive the fullest consideration. But if the Senate accepts this amendment, then the only thing to do will be to postpone announcement of the hearings until after the conferees have concluded what to do about it. I think I ought to say this much in fairness to Senators and also in fairness to the people who are concerned with the matter.

Mr. McCLELLAN. Let me say to the Senator, I do not see why he should feel constrained to do what he suggests. In the event the amendment is agreed to, if the Senator wants to conduct hearings for the purpose of improving it or doing something else about it, there will be no reason for him to throw up his hands. If the Senator feels that something further is necessary, he will be perfectly free to proceed.

Mr. AIKEN. It would be difficult to legislate on the same subject within a month, under two different proposals.

Mr. McCLELLAN. The Senator may conduct hearings on my amendment, if he wishes to do so.

Mr. SMITH of New Jersey. Mr. President, will the Senator from Arkansas yield, so that I may ask a question of the Senator from Vermont?

Mr. McCLELLAN. I am glad to yield, with the understanding that I do not thereby lose the floor.

Mr. SMITH of New Jersey. I should like to ask the Senator from Vermont whether the legislation which he contemplates would include the very valuable point which the Senator from Arkansas makes in his present proposal?

Mr. AIKEN. It would include the proposal of the Senator from Arkansas, and it would include other things which I feel would be very necessary in order to provide a well-rounded program of world trade and interchange of currencies. But I do not know all the details of the plans. I want to hear the views of the people who are familiar with the intimate problems of world commerce.

Mr. SMITH of New Jersey. I thank the Senator for answering my question.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. McCLELLAN. I will yield to the Senator from South Carolina, although I desire to conclude as soon as I can.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator from Arkansas yield?

Mr. McCLELLAN. I yield.

Mr. JOHNSTON of South Carolina. I should like to ask the Senator from Vermont whether this amendment would interfere with the bill on which we have been holding hearings with reference to building up trade between nations. The amendment involves surplus commodi-

ties. The bill relates altogether to trade and business, to try to encourage business between the United States and all other nations.

Mr. AIKEN. We cannot have one standard of ethics as to commodities owned by the Commodity Credit Corporation and another standard of ethics for other commodities. Such an arrangement would not work.

Mr. GORE. Mr. President, will the Senator from Arkansas yield?

Mr. McCLELLAN. I yield.

Mr. GORE. If that be true, it certainly condemns either the bill introduced by the distinguished Senator from Vermont or all free trade. If they cannot live together we must choose between the two. It seems to me there is real merit in the amendment of the distinguished senior Senator from Arkansas, and perhaps in it there is a revitalization of trade germ—not free distribution of wealth in the form of agricultural commodities. I have studied this amendment as best I can, and I think it is far from perfect. It is not exactly free trade nor is it exactly barter, but it is a combination, it seems to me, of the two, which may help in tearing down some of the unfortunate barriers between nations. I am glad to support the amendment.

Mr. McCLELLAN. I thank the Senator from Tennessee.

Mr. AIKEN. Mr. President, will the Senator from Arkansas yield?

Mr. McCLELLAN. I yield.

Mr. AIKEN. There is great merit in the Senator's amendment. I am simply saying that the action proposed should be taken without giving the interested parties, the commercial and business interests of the country and the farmers, an opportunity to be heard.

The bill which I introduced yesterday is subject to such limitations as the Congress may see fit to place upon it, or Congress may reject it completely. I claim no perfection for it. In fact, I can see 2 or 3 weaknesses in it. I had seen the bill only a short time before I introduced it. I can conceive that the time may come when 50 million or 75 million bushels of wheat and other commodities in the hands of the Commodity Credit Corporation might well change the course of empire, or of the world, I had better say, and vitally affect the security of the United States. I am simply asking that the people who are so vitally concerned be given an opportunity to be heard before we enact this type of legislation which may have some profound effects. I do not know what the effects may be. I want the witnesses to tell us.

Mr. McCLELLAN. I do not think the Senator need be concerned about the farmers of the United States opposing this amendment. I think he will find that they strongly favor it. They know it is to their benefit to have increased foreign trade in the commodities which are in surplus in this country. I see no reason in the world why the Senator from Vermont should not proceed immediately, whether this amendment be adopted or rejected, with the bill which he has introduced, hold hearings on it,

and receive expressions from all who may be interested and who may be concerned with additional legislation on the subject.

I want to thank those Senators who have contributed to the discussion of the amendment, and I now offer it as modified, Mr. President.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Arkansas, as modified.

Mr. McCLELLAN. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with, and that it be printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment, as modified, offered by Mr. McCLELLAN, is as follows:

On page 2, line 1, after "Sec. 540.", insert "(a)"; strike out the quotation marks at the end of line 13; and between lines 13 and 14 insert a new subsection as follows:

"(b) Such amounts of the funds authorized to be appropriated by subsection (a) of this section as may be specified in the act appropriating such funds shall be used by the President, under such rules and regulations as he may prescribe, to provide military assistance to countries eligible to receive such assistance under this act through currency conversion agreements entered into in accordance with this subsection. The President is authorized to enter into an agreement with any such country which shall provide—

"(1) for the conversion into currency of the United States of such amounts of the currency of such country as may be specified in such agreement, and for the use of such United States currency for the purchase of agricultural commodities, livestock, meat, and meat products, produced in the United States which are determined by the Secretary of Agriculture to be in surplus supply;

"(2) for the use of the currency of such country received by the United States under such agreement to procure military equipment, materials, and services in such country for the purpose of carrying out the provisions of this act;

"(3) satisfactory assurance that an amount of dollar exchange, equivalent to the dollar exchange used by such country during the fiscal year beginning July 1, 1952, for the importation from the United States of each commodity covered by the agreement, will be made available by such country during the fiscal year beginning July 1, 1953, from sources other than dollar exchange made available under this section of the act for the purchase of each such commodity; and

"(4) that the purchase of agricultural commodities produced in the United States with dollar exchange provided under such agreement shall be conducted through private trade channels."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Arkansas, as modified.

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for a quorum call be vacated, and that further proceedings under the call be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STENNIS. Mr. President, I think we clearly realize the need for some kind of program dealing with farm surpluses or agricultural commodity surpluses. This is not a temporary problem. It will recur from year to year, or at least from time to time, because the agricultural segment of our economy will require some kind of effective farm program in the nature of price supports, and at times that will involve surpluses.

In my judgment, the amendment of the Senator from Arkansas [Mr. McCLELLAN] comes nearer than anything else before the Senate toward envisioning a long-range view of some kind of permanent program that can be worked out by trial and error or by experiment through the mutual security program.

It has the added virtue that it does not contemplate another plan to give away something, but it is based on the sound principle of getting something in return for the goods. At the same time it follows the old, sound principle of human nature, that one who helps himself will receive help from others.

There is another phase of the plan proposed by the amendment that I think gives rise to hope for permanence, because, like it or not, I think there will be some type of mutual security program for many years to come. Under the part of the plan that will create funds in foreign countries, we will supply commodities, and take foreign currency, rather than demand dollars. Their money will be left within the country, to be spent at home. Certainly it would be in line with our present needs relating to military construction.

I am not at liberty to disclose all the figures I have before me, because they involve the numbers of men stationed in various places, but everyone knows that we are spending thousands of dollars for military construction in foreign countries. Much of the military construction is to be used by our men, but eventually it will become the property of those countries.

A subcommittee of the Committee on Armed Services, headed by the Senator from South Dakota [Mr. CASE], at his suggestion, compiled figures not long ago. It was disclosed that under the present mutual security program or its predecessor approximately \$20 million in funds is available in France that could be spent for military construction.

The Senator from South Dakota turned over the figures to the Committee on Appropriations, in the hope that the Committee on Appropriations would require that the funds be used for military construction. In the course of the investigation, he ascertained that there were \$220 million in applications, or for possible uses, and only \$20 million available.

So there is a demand for this type of funds. There is a demand greater than 10 to 1 for funds that were not spent in the foreign countries, whether available in so-called counterpart funds or otherwise.

This plan will supply commodities to people who need the commodities in their

hands. To a great extent, it will relieve us of surpluses not needed in the United States for the time being. We will take the money or currency of the using nations. They will be permitted to pay for the commodities with their own money, and we will then spend that money in their countries.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. STENNIS. I yield.

Mr. ROBERTSON. Is it not true that the report on the pending bill shows that the Mutual Security Agency has a fund of approximately \$12 billion, most of which has been obligated but not spent, a part of which is for rehabilitation, for which we receive definite counterpart funds, and that those funds, aside from the \$5.3 billion, or whatever amount Congress might provide in the budget, would leave enough to help further the program the Senator from Mississippi is discussing?

Mr. STENNIS. That is correct. I have no illusions about any great or immediate accomplishments through this amendment toward disposing of our agricultural surpluses. It will help somewhat along that line, but I believe that within the terms of the amendment lies the germ of a plan that can be developed by trial and error into a real, permanent system of benefit to us and to the people who would use the commodities. Certainly it is not inconsistent with any larger scale plan which might be adopted as a temporary measure in accordance with the President's message which was received yesterday afternoon. There is no conflict between the amendment and some type of temporary bill that might be passed later in the session, based upon that recommendation.

Let us place this amendment in the bill and use it as a trial and error method in an effort to work out some plan in the future to take care of the recurring problems of agricultural commodity surpluses.

I strongly support the amendment.

Mr. KNOWLAND. Mr. President, I rise in opposition to the amendment of the Senator from Arkansas. My opposition is based primarily upon the action the opposition raised last night to various amendments having different connotations of the same general idea as has been presented today.

It has been pointed out that the chairman of the Committee on Agriculture and Forestry has before that committee proposed legislation on this subject. There is no question about it, from what the distinguished Senator from Vermont has said, that hearings will be held, and that the committee will give full consideration, and it will, I believe, give prompt consideration to the several proposals.

In fairness, I should say that the distinguished Senator from Arkansas [Mr. McCLELLAN] has developed the thought regarding the situation in such a way that I believe it is entirely possible that more permanent and more far-reaching legislation might take the general path the Senator from Arkansas has indicated in his amendment. As he has said, he did not intend his amendment to be a

giveaway proposal, but I believe that under all the circumstances the amendment should not be attached to the mutual security bill.

The effect of this amendment would be to authorize the Appropriations Committees to earmark some portion of the funds, requested by the administration for military assistance programs, to be used instead to purchase American surplus agricultural commodities, with equivalent amounts of local currency collected from the foreign importers being used to procure military equipment, materials, and services in the country where such local currency was acquired.

For the reasons outlined by MSA and the Defense Department they are opposed to this amendment. In the first place, the amendment is undesirable because it would constitute a departure from the sound principle that MSA appropriations should not be earmarked for particular commodities to promote the interests of special groups of producers. Once this rule is breached, the doors are open to demands for similar privileges for any other group, and the impression would be created that the military aid program would then be transformed to a program to unload American surpluses on other nations regardless of their needs.

In the second place, it would not be possible for the Appropriations Committees to estimate with any degree of accuracy the portion of military end-item funds which could be diverted, or tied down, to the purchase of surplus agricultural commodities. It has been estimated during the hearings that the administration intends to use well in excess of \$1 billion of the military end-item funds authorized under section 540 of the bill for offshore procurement of military end-items and services in Europe. If the proposed amendment were adopted and the appropriations act thereafter specified that any substantial portion of the amount intended for offshore procurement should be available only to the extent tied down to the purchase of American surplus commodities, it is probable that the military end-item procurement objectives of the new legislation would not be met. This is because the countries in which it is proposed that we place offshore procurement orders would be unable to utilize fully and effectively such earmarked funds. The prices of some of the American surplus agricultural commodities are at present so high in relation to world prices that private importers in the countries receiving military aid would in many cases refuse to use dollar exchange made available under the proposed plan to buy American agricultural commodities.

Meritorious as this proposal may be, considered from the standpoint of either temporary or permanent legislation, the orderly way to take care of the subject is to have the amendment considered by the Committee on Agriculture and Forestry. I have talked with the distinguished chairman of the Committee on Agriculture and Forestry [Mr. AIKEN]. He stated that he hoped the Senator from Arkansas would appear before the com-

mittee. It might well be that, after considering the legislation which the President proposes with reference to the relief of famine and emergency conditions, the Congress, in its judgment, would wish to enact permanent legislation of broader scope.

Frankly, I think the Senator from Arkansas has many excellent points in his proposal. I consider it to be an improvement in many respects on some of the other proposals which have been made. However, in view of the fact that the Committee on Foreign Relations heard testimony in this regard and determined, in drafting this legislation and presenting it to the Senate, that proposals for the disposal of surplus commodities should not be included in the bill; and in view of the fact that both the Mutual Security Administration and the Defense Department feel that it would be a mistake to include language such as this in the pending bill, I hope the Senate will not include it in the Mutual Security bill, but that the Committee on Agriculture and Forestry will consider it, along with the other proposals which have been made.

Mr. McCLELLAN. Mr. President, the statement was made this afternoon by the distinguished junior Senator from Oklahoma [Mr. MONRONEY] that he did not wish to wreck the program. Let me say, in all kindness and deepest sincerity, to all Members of this body, that the way to wreck the program is to continue to fail to find a way to provide some reciprocal benefit from the program. We can wreck the program by such a failure. We hear people say that they are becoming disgusted with the entire program. Some say, "Let us do something for once to help America a little."

I cannot understand why the Mutual Security Administration, which I am sure is going to support the President's proposals to make surpluses available for dumping or giving away, should oppose every effort to find some way to get a little something in return. I cannot understand the logic or reasoning of the Mutual Security Administration.

We can wreck this program. The American people want to provide some assistance. They want to provide mutual security. But they are tired of a one-way street. This amendment would open up a little avenue for increasing trade in commodities of which we have a surplus in this country, and which other people need.

Mr. President, I hope the amendment will be agreed to. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senator answered to their names:

Aiken	Bush	Cooper
Anderson	Butler, Md.	Cordon
Barrett	Butler, Nebr.	Dirksen
Beall	Carlson	Douglas
Bennett	Case	Dworshak
Bricker	Chavez	Eastland
Bridges	Clements	Ellender

Ferguson	Johnston, S. C.	Pastore
Flanders	Kennedy	Payne
Frear	Kerr	Potter
George	Knowland	Purtell
Gillette	Kuchel	Robertson
Goldwater	Langer	Russell
Gore	Long	Saltonstall
Green	Magnuson	Schoeppel
Griswold	Malone	Smathers
Hayden	Mansfield	Smith, Maine
Hendrickson	Martin	Smith, N. J.
Hennings	Maybank	Sparkman
Hickenlooper	McCarran	Stennis
Hill	McCarthy	Symington
Hoey	McClellan	Taft
Holland	Millikin	Thye
Humphrey	Monroney	Watkins
Hunt	Morse	Welker
Jackson	Mundt	Wiley
Johnson, Colo.	Murray	Williams
Johnson, Tex.	Neely	Young

The PRESIDING OFFICER. A quorum is present. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. SALTONSTALL. I announce that the Senator from Pennsylvania [Mr. DUFF] and the Senator from Indiana [Mr. JENNER] are necessarily absent.

The Senator from Indiana [Mr. CAPEHART], the Senator from New Hampshire [Mr. TOBEY], and the Senator from New York [Mr. IVES] are absent by leave of the Senate, the Senator from New York having been appointed a delegate to attend the International Labor Organization Conference at Geneva, Switzerland.

Mr. CLEMENTS. I announce that the Senator from Virginia [Mr. BYRD] and the Senator from West Virginia [Mr. KILGORE] are absent on official business.

The Senator from Texas [Mr. DANIEL], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from New York [Mr. LEHMAN] are absent by leave of the Senate.

I announce further that, if present and voting, the Senator from Tennessee [Mr. KEFAUVER] would vote "yea."

The result was announced—yeas 49, nays 35, as follows:

YEAS—49

Barrett	Hoey	McClellan
Case	Holland	Monroney
Chavez	Humphrey	Mundt
Clements	Hunt	Murray
Dworshak	Jackson	Neely
Eastland	Johnson, Colo.	Payne
Ellender	Johnson, Tex.	Potter
Frear	Johnston, S. C.	Robertson
George	Kerr	Russell
Gillette	Kuchel	Smathers
Goldwater	Langer	Sparkman
Gore	Long	Stennis
Green	Magnuson	Symington
Griswold	Malone	Welker
Hayden	Maybank	Young
Hennings	McCarran	
Hill	McCarthy	

NAYS—35

Aiken	Dirksen	Pastore
Anderson	Douglas	Purtell
Beall	Ferguson	Saltonstall
Bennett	Flanders	Schoeppel
Bricker	Hendrickson	Smith, Maine
Bridges	Hickenlooper	Smith, N. J.
Bush	Kennedy	Taft
Butler, Md.	Knowland	Thye
Butler, Nebr.	Mansfield	Watkins
Carlson	Martin	Wiley
Cooper	Millikin	Williams
Cordon	Morse	

NOT VOTING—11

Byrd	Fulbright	Kilgore
Capehart	Ives	Lehman
Daniel	Jenner	Tobey
Duff	Kefauver	

So Mr. McCLELLAN's amendment, as modified, was agreed to.

Mr. GOLDWATER. Mr. President—
The PRESIDING OFFICER (Mr. GRISWOLD in the chair). The Senator from Arizona.

Mr. AIKEN. Mr. President—

Mr. GOLDWATER. Does the Senator from Vermont wish to make an insertion in the RECORD?

Mr. AIKEN. No. I have an emergency bill to introduce. I wish to try once more to maintain our economy.

Mr. GOLDWATER. Mr. President, I call up my amendment identified as "6-30-53—B," which lies at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 3, in line 23, after the word "States", it is proposed to insert a colon and the following:

Provided, That no such expenditure shall be made until the Government of France gives satisfactory assurance to the President of the United States that an immediate declaration will be made to the people of the Associated States setting a target date for the adoption of a constitution for such States, and for the establishment of their complete independence.

Mr. GOLDWATER. Mr. President, 177 years ago this week a group of men met in Philadelphia and labored over a declaration, and 177 years from Saturday next, the 4th of July, the great patriot, Thomas Jefferson, reported the Declaration of Independence.

I should like to call the attention of the Senate to the first sentence of the second paragraph of that Declaration:

We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable rights, that among these are life, liberty, and the pursuit of happiness.

Mr. President, I also wish to call to the attention of the Senate the fact that that great man, Thomas Jefferson, and the other great men associated with him, in their wisdom, by adopting that Declaration, said that all men are created equal, and that all men—not some men—are endowed by their Creator with certain unalienable rights.

Mr. President, the same doctrine was expressed wonderfully here the other day by the able Senator from New Jersey [Mr. SMITH], when he said:

The United States has never been a colonial power in the European sense. Where we have acquired colonial interests, our record of enlightened administration and of steady progress toward self-government and independence is second to none. Cuba, the Philippines, Puerto Rico, Hawaii, and Alaska are living testaments to our good faith in this regard. In view of our history, we could not have done otherwise. We, ourselves, were once part of a colonial empire. Americans, of all people, understand and sympathize with the desire of people everywhere to shape their own destinies and to forge their own futures.

Mr. President, in the pending bill, Senate bill 2128, to which I have offered my amendment, in section 304, on page 3, there appears an item of \$400 million that is to be spent "for the procurement of equipment, materials, and services required by and are to be made available to, or are necessary for the support of, the forces of France and the Associated States of Cambodia, Laos, and Viet-Nam."

Mr. President, for 7 long years a war has been raging in that area. The people who live there have been fighting for the same thing for which 177 years ago, the people of the American Colonies fought. The people of the Associated States of Cambodia, Laos, and Viet-Nam are fighting for freedom. Many, many times during the past 7 years France has made promises to these people that their independence will be forthcoming, that they will be allowed the opportunity to write a constitution and to become free people.

Yet here today, on the floor of the United States Senate, we are proposing to support a country, France, that has colonial intentions; we are going against the wonderful second paragraph of our Declaration of Independence, which probably is the greatest collection of words that has ever been written by men in their attempts to govern themselves. We are saying to the great men who penned that document and whose ghosts must haunt these halls, that we do not believe entirely in the Declaration of Independence, that perhaps all men are not created equal, that perhaps they are not endowed by their Creator with certain unalienable rights, and that perhaps we have a right to support countries who wish to enslave other peoples.

Mr. President, the purpose of my amendment is to say to France, "If we give you this money, we expect you to do something in return for it"—because, Mr. President, as surely as day follows night, our boys will follow this \$400 million.

The one way to stop it is to ask France, in the decency the French possess, to grant independence and the right of freedom to these people, who have fought so long for their independence and freedom.

Mr. CASE. Mr. President, will the Senator from Arizona yield to me?

Mr. GOLDWATER. I yield.

Mr. CASE. Mr. President, from the standpoint of the cold war, there is no amendment that could be offered to this bill that would be more important than the amendment which has just been offered by the Senator from Arizona.

People have forgotten how we got into this peril in Indochina. But on August 13, 1950, almost 3 years ago, we began to send military aid there. We sent that military aid in connection with a proclamation which the then President of the United States, Harry Truman, made in the inauguration of a Voice of America broadcast.

I hold in my hand the New York Times of August 14, 1950. Mr. President, with the indulgence of the Senator from Arizona, I should like to read 3 paragraphs of the article regarding the broadcast, to show that the United States was committed to the principle at that time.

Mr. Truman said:

With the inauguration of the Vietnamese language broadcast of the Voice of America, the people of the United States will have an immediate means of communication with the people of the Associated States of Viet-Nam, Laos, and Cambodia for the purpose of developing mutual understanding and friendly relations.

The United States has begun an economic assistance program which was developed after direct discussions with the leaders and technicians of Indochina. This program is designed to stimulate conditions under which the people of Indochina may develop institutions compatible with their religion and culture which will best serve the interests of the people.

Mr. President, note the following, please, from the same statement by the then President Truman:

Military assistance is also being extended to provide the internal security for a vigorous, healthy, and prosperous life in Viet-Nam, Laos, and Cambodia. These programs of economic and military assistance have been developed to assist you. I hope you will study them, understand them, and support them.

Then there is the following concluding paragraph:

Americans have looked with sympathy upon the desires of the people of Viet-Nam, Laos, and Cambodia for self-government within the French Union. On this occasion, I wish to extend my greetings to the men and women of the Associated States of Indochina and to your leaders who are working so that the Associated States within the French Union may take their place among the other free nations of the world.

Mr. President, within the past week we sent a new military mission to Indochina. I hold in my hand a clipping from the Washington Post of Tuesday, June 23, 1953, which was within the past week, containing an Associated Press dispatch from Saigon, Indochina, reading as follows:

SAIGON, INDOCHINA, June 22.—Well-informed American sources here today said the United States will ask to participate directly in military planning against the Communist-led Viet Minh in a new program promising vastly-stepped-up supplies of United States arms.

Mr. President, the military program began 3 years ago when we sent some motorized equipment, consonant with the statement made at the time by President Truman. But within the past week—and now I return to the reading of the Associated Press dispatch of June 22:

A top-level United States military mission headed by Lt. Gen. John W. O'Daniel, United States Army Pacific commander, arrived here Saturday. An announcement said it was essential to integrate closely United States assistance with the plans developed by the authorities of France and of the Associated States of Viet-Nam, Cambodia, and Laos.

French sources said they had no knowledge of any application for direct American participation in the planning of operations. France in the past had been opposed to such a move.

On the very same day, June 26, there came from Bangkok an Associated Press dispatch from which I read:

A Cambodian government spokesman said today "Cambodians are ready to die for independence. This means an independence war but the king is first watching French movements and awaiting initiative."

The spokesman, Krengnill, said young King Norodom Sihanouk authorized the statement.

The dispatch continues at some length. Other dispatches appeared at that time. In other words, today we are increasing our military aid in this area. It has

gone in apparently without the application or consent of the French; but the eyes of France are undoubtedly on it, for in the New York Times of Tuesday, June 30, there was another dispatch by the United Press from Phnompenh, Cambodia, from which I read:

Cambodian Army units moved into this capital today and took over all official buildings as tension between the French and Cambodians mounted. The army command, apparently by direction of King Norodom Sihanouk, ordered in reinforcements to offset a similar move by the French last Friday.

Last week the French sent several battalions of colonial infantry and marines into Cambodia to protect French lives and property in case of emergency.

Many units of the royal army are commanded by French officers.

The dispatch continues:

French officials awaited anxiously the decisions of the new Paris Government on Cambodian demands for full independence as the only means of preventing further deterioration of the situation.

Mr. President, I have risen to support the amendment of the Senator from Arizona, because it seems to me the Senate ought to realize that it is here proposed that we take action which will definitely go into the statutes for the first time, listing the names of France and Cambodia and Laos and Viet-Nam. We started on this 3 years ago through the proclamation of the President, under which aid was sent to China; but in the pending bill it is proposed that we specify these 3 countries.

Mr. President, are we going into the Far East for the purpose of sustaining the French colonial rule, or are we going there to become an ally of these three states that are seeking their independence, to try to get them on their feet and then to help them resist the aggression or onrush or operation, whatever it may be, of the Communists? That is the issue.

The Senator from Arizona has correctly posed the issue before the Senate by saying we should declare that this aid will become available only if and when the French Government clearly fixes a date for the independence of the three states.

The United States achieved some strength in its position in the Pacific when we fixed a date for the independence of the Philippines. That strengthened our hand in the Pacific area. But what the Senator from Arizona is saying is that we should strengthen our hand in the cold war by asking the French, before they receive this aid, before they use it simply as a means of repressing the desires of these states for independence, to pick the date for the independence of these three states, and then our aid can be given in the true sense of which the Senator from Arizona speaks, to encourage the spirit of courage and strength of these people who are associated together against the forces of communism.

I commend the Senator for offering the amendment. I think it is altogether important that it be adopted. Without it we shall be in the position of giving

aid to those countries or of going into those countries in order to sustain the position of a French colonial empire, and to suppress the desires for independence. It will be an intolerable position for us, and it will plague us from now on, if we fail to adopt this amendment.

Mr. GOLDWATER. I thank the distinguished Senator for his contribution.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. GOLDWATER. I yield to the Senator from Washington, who has just returned from the section of the world of which we are speaking.

Mr. MAGNUSON. I should like to say to the Senator from South Dakota that the situation is not quite so simple as he indicates, although I think I am somewhat in agreement with him. The Senator from Illinois [Mr. DIRKSEN], who went with me to Indochina, whence we returned about 10 days ago, knows that we talked not only to many of the French people there, but we also talked to our own people and to many of the Vietnamese on both sides. We talked to them about their desire to have an independent status.

I do not think I can say categorically that the French are using the equipment furnished to them merely for the purpose of sustaining a poor, archaic, colonial establishment. It is true, however, that some of the French who are present in those countries are colonials, though I do not know that we could say categorically to France herself that the money we are providing is being spent to increase and make more firm her colonial empire. It is being used to fight communistic influence, not only in Viet-Nam, but throughout the entire southeastern part of Asia. The Senator from Illinois may correct me if I am in error in what I say, but I think we came to the conclusion after all our conferences and after seeing all the things that came to our attention, that sooner or later France must assure the people in question that they are going to have an independent status. If she does not, she could then go ahead to win a military victory and still not have the people of those three states with her.

Whether we should state our position on this question in a bill such as the pending measure I do not know. There are three factors involved. There is, first, the problem of French colonialism. Second, there is the problem of independence. Third, there is the problem of the Communists, who are using independence as a means whereby they hope to recruit some of these people and continue the communistic war in southeastern Asia. The way in which the King of Cambodia dramatized this situation was on the basis of independence; but there is also the Communist angle, and, once the French were to leave, or once we were to stop our aid, should the Communists, using independence as a screen, come in and take over Viet-Nam, then in my opinion—and it is only my own personal opinion—we might say, "There goes southeastern Asia." So we think these questions are important. It is not quite so simple as is supposed.

I desire to say, because I think it very important, that we have approximately 70 men in our military missions. Our general who is in charge of the men is, in my opinion, a man of ability. He knows what he is doing.

We also know where the equipment is going. A pretty thorough check was made on it. The equipment is being used very effectively. It is true it is being used by the Vietnamese Army, and that Army is being used by the French.

How many troops the French have within that area I do not know. The Senator from Illinois and I had an opportunity to review the Vietnamese troops on their 4th of July. It was a small army, but most of the fighting is being done by the Vietnamese themselves. Many of them consider the struggle to be a civil war, although the Communists have come in to take advantage of what may be termed guerilla warfare. We have seen that the Vietnamese and the French hold the ground in the day time, and the Viet-Nam Communist forces hold it at night. The Senator from Illinois and I heard in Saigon, the capital of French Indochina, that on one occasion they had met with some of our officials. There were armed guards outside, and there were lights on the bushes, in order that someone might not take a potshot at the Americans. That is the kind of war that is going on there.

France is putting into the Indochinese war approximately a billion and a half dollars, possibly more than that. I remind Senators that a billion and a half dollars in the French budget is a considerable item.

I suspect in part the trouble France is encountering today in connection with the formation of her cabinets is the issue of Indochina. It has been one of the major issues. France has failed to form a cabinet because of that issue. If France pulled out of that area and if we did not go ahead with this equipment, although Vietnamese independence is a part of the picture, the Communists would move right in. I do not like either French colonialism or communism, but if the latter should result, the people would have a government worse than the French colonialism has inflicted upon them.

I am inclined to agree with the conclusions of the Senator from Arizona [Mr. GOLDWATER], and I think the Senator from Illinois [Mr. DIRKSEN] would also agree, but whether the amendment should be placed in the pending bill, stated so categorically, I do not know, because three or four complex problems are involved. It is a serious situation. There are a large number of French people who want to go ahead. Whether they can succeed or not I do not know, but they are trying to work it out.

We have sent some economic aid which has been administered quite well.

The emphasis has been placed upon medical information and treatment and education. We have heard of instances of teams being sent into the villages where there is eye trouble among the population, and those fighting on the other side will cross the line and obtain

treatment, and then go back to fight the next day. We have furnished treatment for their eyes.

It is a serious problem. The Senator from Illinois and I impressed this upon the President of the United States when we made our report, in the hope that the situation would be brought up in the Bermuda conference. I hope it will be taken up on July 10 when the meeting will be held in Washington.

The Senator from Illinois and I spent 5 or 6 days interviewing people. In that time it is possible to see nearly everyone in Saigon except the guerillas in the hills. We talked to many persons on all sides of this question, but the thing that impressed me most was the importance of not allowing Communists to take over because of the effect such a thing would have upon the rice bowl of southeastern Asia. I think it would be only a matter of time before we lost central Asia.

Mr. CHAVEZ. Mr. President, will the Senator from Arizona yield?

Mr. GOLDWATER. I shall be happy to yield as soon as I answer the Senator from Washington.

Mr. President, I realize full well the implications mentioned by the Senator from Washington. In fact, I debated with myself at some length as to whether to submit an amendment such as this, feeling that during the past 20 years we have considered that in our foreign relations it was wrong to interfere in the internal affairs of any other Nation. This country has given away billions of dollars to stop communism, but I do not believe we have given much money to East Berlin. The people of East Berlin are among the few who have ever put up any kind of a fight against communism. They did it with fists and rocks in their determination to secure freedom.

I realize that it is a three-legged affair in Indochina, but why can we not support one strong leg of the desire for freedom? The desire of man for freedom cannot be defeated. The East Berliners showed us that a few days ago. I am glad the Senator from Washington has brought up that point, because it is an important thing to consider.

Mr. President, I now yield to the Senator from New Mexico.

Mr. CHAVEZ. Mr. President, I desire to congratulate the Senator from Arizona for offering his amendment. I heard him read from the Declaration of Independence, and I think that if the amendment of the Senator from Arizona is not adopted, we shall have no justification whatsoever to vote for the bill.

Mr. President, the same kind of an argument—communism was not involved in those days—was made against the American Colonies at the time they engaged in the struggle with England. Who was it who dared to plot against England in those days and fight for the freedom of the Colonies? It was France herself. While the Colonies were fighting for freedom, Mr. Franklin was in France appealing to the liberty-loving emotions of the French people, and finally convinced them that it was to the interest of free people everywhere that France support the American Colonies.

I am very happy the Senator from Arizona has offered his amendment. It has been stated in American magazines and over the radio by commentators that once upon a time the French Intelligence Service captured a poor Indochinese fellow who was plotting against the French. They wanted to get some information as to his political philosophy. They asked him, "For what are you fighting?" He replied, "A handful of rice."

Under the terms of the amendment it may be that the poor natives who also believe in freedom and liberty may get a second handful of rice.

Mr. President, I am glad to be associated with the Senator from Arizona in supporting his amendment.

Mr. GOLDWATER. I thank the Senator from New Mexico.

Mr. AIKEN. Mr. President, will the Senator from Arizona yield?

Mr. GOLDWATER. For what purposes?

Mr. AIKEN. I should like the floor for a few minutes in my own right, after the Senator completes his statement. I have a very important matter to present.

Mr. GOLDWATER. Mr. President, I yield the floor.

Mr. DIRKSEN. Mr. President, I should like to say that I concur very substantially in the observations made by my colleague from the great State of Washington [Mr. MAGNUSON]. I found him a most congenial traveling companion. After we had finished our program in Indochina I think we saw nearly eye to eye with reference to the basic problem in that country.

We are fully sensible to the fact that a very complicated situation exists in Indochina. We are dealing with three loose governments. The largest of the three is Viet-Nam, with a population of approximately 24 million.

If the French interest were the only thing involved, I would not be so zealous about the amendment offered by the Senator from Arizona, but the fact is that we have an interest just as important. When we send \$500 million worth of equipment to a country 12,000 miles from home, we have committed our country. That is precisely what we have done.

The Senator from Washington and I kept pretty careful notebooks, and we have come to the conclusion that, first of all, the purpose of American aid in the associated states is to win a victory; second, we cannot win a victory unless we have mass support; third, we cannot get mass support unless we define and establish an objective.

I think my colleague from Washington will bear me out when I say that involved in the problem are, No. 1, the Vietnamese who are integrated in the French union forces. No. 2, the Red enemy; and, No. 3, the fence-sitters. So far as I know, they are probably evenly divided. Everyone who has had a chance to make observations there—and I believe I paraphrase the observations of more than 50 people who have reported to us in that area—says that a victory cannot be won unless there is mass support, and that there will be a continuing military stalemate, no mat-

ter how much equipment is sent, until, first, the ideological problem is solved.

It is not alone for the French to define the objective; it is for us to define it with them, because we have sent equipment, planes, antiaircraft guns, small arms, ammunition, and practically everything else needed to win a war. All of us in this country are up to our necks in Indochina today. So let us not dissociate ourselves. Let us place the problem on a dual basis.

We must make an assertion as to what the objective shall be for the humble people of Viet-Nam and the Associated States, and we must insist that the French join with us, as a condition for additional aid. If we do not, the stalemate continues—we have been engaged now for more than 7 years over there, and are no closer to victory than we were when we started—I simply say that the country is a potential Korea, unless we go back to the great tradition of America, which will be observed this week, when we add the 177th candle to the Nation's birthday cake. We cut the chains of colonialism 177 years ago, and we must not depart from character. We must make sure that other humble people have an equal opportunity.

I respectfully suggest to the Committee on Foreign Relations, first, that they accept the amendment; second, that they take it to conference; third, that they consult the State Department and others to see whether or not acceptable language can be contrived. I am confident that if the Senate accepts the amendment on that condition, a wave of assurance and encouragement will go across half the earth, to the other side of the globe where we sit and contemplate this afternoon. We will lift the hearts and spirits of humble people. In my considered judgment, we will accelerate the end of the very vicious, difficult conflict that has no battleline, where the line changes night and day from Viet Minh to the French, and back again; a conflict that can deeply involve our country and bring us great embarrassment.

Mr. SMITH of New Jersey. Mr. President, will the Senator from Arizona yield?

Mr. GOLDWATER. I yield to the Senator from New Jersey.

Mr. SMITH of New Jersey. I wish to ask one or two questions. I appreciate the statement of the Senator from Arizona with reference to my remarks on Monday, because the Senator knows I am entirely in accord with the views he has expressed. I am disturbed from the standpoint of a delicate situation which I am reasonably confident exists today, in relation to an attempt being made, in a matter which has been before us in private discussions to bring about action and cooperation on the part of the French to attain the very objectives which the Senator from Arizona seeks to reach.

I am not clear in my own mind that it would be right for us to declare an ultimatum so strong as the Senator has proposed in his amendment. If we could adopt other language that would indicate our support for the Vietnamese and other native people and the French, in

an effort to enable them to arrive at freedom and independence, and solve the question on a basis whereby the country would be safe against the present menace of communism that is sweeping down over them, I would be more favorable to the proposal.

A part of the problem there is the Communist menace. We cannot leave those people alone. We cannot simply say to the French, "Give those people freedom." They need our help, and the help of the French, in order to bring about the very objective the distinguished Senator from Arizona is seeking.

I wonder whether it would not be possible to modify the language of the amendment which the Senator suggests by some language which would express the same idea he has in mind, but which would not give the ultimate impression that we were attempting to pinpoint the French as the difficult problem. I know from my acquaintance with certain French people that this matter has been worked on for many months. They are trying to devise a formula to settle the problem, while, at the same time, giving adequate protection, with our support and French support, to the Vietnamese against the danger of imminent Communist invasion.

The Senator from Massachusetts [Mr. KENNEDY] has an amendment which is not quite so strong and not in such pinpointing terms as that of the Senator from Arizona. It is possible that a modification of that amendment might be offered as a substitute for the amendment of the Senator from Arizona, or that a combination may be made of the amendment of the Senator from Massachusetts and the amendment of the Senator from Arizona.

I am entirely in sympathy with what the Senator from Arizona is seeking to do, but I do not want to put it in the form of an amendment which, if accepted, may cause complications in a situation that is oversensitive.

Mr. DIRKSEN. Mr. President, will the Senator from Arizona yield?

Mr. GOLDWATER. I will yield in a moment.

As I have said, I gave this subject much thought, recognizing that the United States has, in negotiations with France, brought up the question repeatedly. I have heard repeated promises from France on this subject. I wrote the amendment in strong language so that there would be no misunderstanding.

We who live in the West have never learned to use polite, evasive language. Maybe that is a fault of westerners; but if the language is what we want, it is put down as we want it. If we feel that the French should take the action, I think the thing to do is to tell them so. If other language can be suggested that will accomplish the same purpose, I have no objection to changing my amendment. I have no pride of authorship. My desire is merely to accomplish something that will prevent many of our boys from ending up in the jungles of southeastern Asia.

Mr. KNOWLAND. Mr. President, will the Senator yield at that point?

Mr. GOLDWATER. Yes, gladly.

Mr. KNOWLAND. I merely wish to point out to the distinguished Senator from Arizona that there is a very critical and a very difficult situation in Indochina, as I am certain he appreciates. I think he has accomplished much by his remarks on the floor, as did the distinguished Senator from Massachusetts [Mr. KENNEDY] the other day, in pointing out the ultimate objective of granting freedom to the people of the Associated States.

Many people are coming more and more to the realization of the importance of the people of the Associated States, Viet-Nam, Laos, and Cambodia, achieving an independent status, and they desire that status to be brought about. But I remind the distinguished Senator from Arizona that had the situation been reversed at the time the United States had the Philippines as a possession, and before the Philippines gained their independence, and the legislative body of a foreign country had passed a resolution or attached as a condition precedent to the receiving of funds that the Philippines must be freed, it would have been a perfectly normal, human reaction on our part to have slowed up the process.

I also call to the Senator's attention that there are many people in France who have been highly dubious as to whether southeast Asia, important as it is from the standpoint of strategic concept in keeping the remainder of Asia from falling into the hands of communism, is worth the great effort the French have made and the expenditures in blood and resources to prevent Southeast Asia, and what used to be called French Indochina, from going behind the Iron Curtain.

I merely submit to the distinguished Senator from Arizona and to other Members of the Senate that an attachment of this kind to the bill as a condition precedent, which could very easily be misinterpreted, might have a bad effect on the body of opinion in France, where it required 30 days finally to select a premier and install a new government. It might bring about such a condition that a sufficient number of people in France would say, "Under these circumstances why should we not pull out entirely?"

The practical situation is that unless this Government or some other nation were prepared at that point to take up the burden, the people in the Associated States of Viet-Nam, Laos, and Cambodia, who desire their freedom and who desire to remain outside the Iron Curtain could not by themselves possibly maintain their freedom against the combined forces of Ho Chi-minh and Mao Tse-tung. Consequently I think we must proceed with the greatest caution in this matter.

We have an example in recent history, in the case of Greece. The burden in Greece became so heavy that overnight Great Britain gave notice to this Government that it could no longer carry it. The President of the United States came to Congress, and practically overnight we had to pick up the burden which Britain laid down.

I plead with the distinguished Senator from Arizona and other Senators who

have served a very useful purpose in bringing this subject to the attention of the Senate and of the American people, that it is one thing when a Senator, or 96 Senators, express an opinion on a question; but it is quite another thing when they attach a condition precedent which might place in a very difficult position the country we have as an ally, and with which we hope to work toward the common objective which I think we all have.

We are dealing, of course, with a very difficult and highly inflammable area of public opinion in foreign relations. I suggest to the distinguished Senator from Arizona that it would not be in the interest of the people we want to help to have France lay down her burden, and for us at that point to take it up, as we had to do in the case of Greece. I submit to the distinguished Senator that if France lays down the burden and we do not pick it up, the people in those states will not be in a position to defend themselves. We might lose all of southeast Asia, including Malaya, Thailand, and Burma, and perhaps then have the Communist forces under Mao Tse-tung on the very borders of India and Pakistan.

This is the type of situation we are dealing with in connection with an amendment of this kind. I may say to the distinguished Senator from Arizona that I have not been more concerned in the 8 years I have served in the Senate, with the ultimate implications of an amendment, than I have been with respect to this amendment, should the Senate adopt it.

Frankly, I would not want to see a vote rejecting the amendment, for the reason that we might thus give an indication to the people of the Associated States that we did not hope that ultimately they might gain their freedom.

I think we will all work, in conjunction with our great ally, France, toward the freedom of the people in those states. However, it seems to me that the cause of freedom in the free world would be better served if the amendment were not pressed, and if the RECORD could stand with the statements which have been made by distinguished Senators, including the Senator from Arizona [Mr. GOLDWATER], the Senator from Illinois [Mr. DIRKSEN], who has just returned from that area of the world and the Senator from Washington [Mr. MAGNUSON] who accompanied the Senator from Illinois.

The other day on the floor of the Senate the distinguished Senator from Massachusetts [Mr. KENNEDY] expressed the same general view. I say, with all the sincerity I possess, that I think this amendment would create a grave danger to the very objective which I am sure the Senator from Arizona seeks.

Mr. DIRKSEN. Mr. President, will the Senator from Arizona yield?

Mr. GOLDWATER. I yield.

Mr. DIRKSEN. Frankly, I am not insensible of the point made by the acting majority leader. On the other hand, I point out that there is no analogy between this situation and the one in the Philippines, because it is the

money of the American taxpayer we are spending 12,000 miles from home.

I have before me the report of the businessmen who were sent to southeastern Asia by Governor Stassen. I am not at liberty to quote from it, because the restrictive feature has not yet been removed. However, I can say that more than 50 good observers said that military aid will not break the stalemate in Indochina, but that something more is required. The question is, Shall we continue to pump money into a continuous stalemate which may one day become aggravated and prove to be a potential Korea, or shall we assert something formal which will take care of the situation?

I think the point made by the Senator from New Jersey [Mr. SMITH] is well taken. I am never happy when we must attach a restrictive condition to the use of money in order to accomplish an ideological purpose. I think I would be willing to compromise, if the committee were willing to do so, on language to the effect that it is the sense of the Senate that the President of the United States be urged to contrive a satisfactory declaration with France to set a target date for the adoption of a constitution in the Associated States and for the establishment of their complete independence. That does not tie it up to the use of the appropriation. However, I think we would be lacking in fidelity to an ideal, and that we would be overlooking an opportunity and rendering a disservice to our country and to the taxpayers if we should fail to take some kind of formal action which will be registered on the other side of the earth.

Mr. KENNEDY. Mr. President, will the Senator yield to me for the purpose of offering a substitute for the amendment of the Senator from Arizona?

Mr. GOLDWATER. I yield.

Mr. KENNEDY. I offer the amendment which I send to the desk as a substitute for the amendment offered by the Senator from Arizona.

The PRESIDING OFFICER. The amendment in the nature of a substitute offered by the Senator from Massachusetts will be stated.

The LEGISLATIVE CLERK. On page 3, line 23, after the word "States," it is proposed to insert a colon and the following:

Provided, That the expenditure and distribution of the funds, equipment, materials, and services authorized under this or any other section of this act on behalf of the Associated States of Cambodia, Laos, and Viet-Nam, to the extent that it is feasible and does not interfere with the achievement of the purposes set forth in this act, shall be administered in such a way as to encourage through all available means the freedom and independence desired by the peoples of the Associated States, including the intensification of the military training of the Vietnamese.

Mr. KENNEDY. Mr. President, I am in complete agreement with the viewpoint expressed by the Senator from Arizona [Mr. GOLDWATER], the Senator from Illinois [Mr. DIRKSEN], the Senator from Washington [Mr. MAGNUSON], and

other Senators who have been concerned about the situation in this area.

Obviously, there is little reason for the United States to devote large sums of money to give military assistance to the French in that area if there are not present in the area conditions under which native groups can be rallied to the support of the independence movement. At the present time, because of the extensive French controls, which I discussed yesterday, and which the Senator from Arizona has pointed out, those conditions are not present, and there is no indication that the native armies which the French have attempted to rally in that area are crusading armies. In fact, the majority of the population today appears to be in sympathy with the Communist movement of Ho Chi-minh. Therefore, I believe it is of vital importance that the United States place emphasis upon and use its prestige to advance the movement for independence for the people of the Associated States not only because such action will help the military operations in that area, but because it is most important, as the Senator from Arizona has pointed out, that in all of Asia the position of the United States be firmly understood.

The only objection I have to the amendment of the Senator from Arizona is that it is in the nature of an ultimatum to the French. There are substantial groups in France who would be pleased to pull out of a long and bloody war. After all, the French are bearing the military burdens. Our assistance is primarily economic. Therefore, feeling as they do, the amendment of the Senator from Arizona, if accepted, may be regarded by the French as an adequate excuse for withdrawing their effort. The amendment which I have offered as a substitute merely places us in the position of stating that the money should be used for the purposes set forth in the act, and also in such a way as to encourage aspirations of the Associated States for independence and to provide military training for the Vietnamese, which is most important.

I believe that my amendment would accomplish the objectives which the Senator from Arizona is seeking, and at the same time not run the risk which as the Senator from California so ably pointed out, we would run if we were to accept the amendment in the form in which the Senator from Arizona originally offered it.

Mr. DIRKSEN. Mr. President, I am in sympathy with the objective stated; but the recital is still on the soft and gentle side, which actually, in the administration and distribution of the supplies, would not mean a thing. I believe the Senate ought to go somewhat further than that. This is not only their program in that area, as I pointed out a moment ago; we are in it, and it is our program, too. I do not want to have the whole burden carried by the Republic of France. I want our country to assume its proper responsibility. In doing so, there must be an assertion from this country as well.

It occurs to me that the President at least ought to be urged, if not directed,

to enter into such negotiations or conversations as may be necessary which will look to fixing a target date. If there is a failure to establish a target date, and to make that kind of assurance, I believe we will fail in the endeavor, and I am not sure the expenditure would not be wasteful.

I wish to emphasize one point. I recognize the heroic contribution which the French have made. They have left some of the finest flowers of St. Cyr, Fontainebleau, and other military schools on the steaming soil of the jungles of Indochina.

The French fully recognize it. Former Premier Mayer failed by only 14 votes to become their latest Premier, and that happened in the face of preliminary assurances that he was in favor of pulling out of Indochina. I know the situation is delicate, but, at the same time, there is the residual fact we cannot escape, namely, that there will be a continuing stalemate, as every competent observer says, unless we devote some effort to it, and that effort must be more than rhetoric; it must be in the way of a realistic assurance.

Mr. KENNEDY. Mr. President, I wish to reply to the Senator from Illinois. I think it is obvious, as I have stated, that the conditions are not present within the Associated States for the French and the United States to secure the devoted support of the people of that area, because of the heavy degree of French control. The State Department has made pious declarations during the past 3 years, since the United States first began to give heavy assistance to that area, that it was in favor of independence for the Associated States; but it has been continually afraid that the French would pull out. The fact that one who attempted to become Premier of France, and who called for negotiations with Ho Chi-minh, failed by only 13 votes to become Premier shows the strength of the people of France who favor withdrawal from French Indochina.

If the Senate stated that we would not give any more assistance unless the French took such a major step, the effect might well be unfortunate.

It seems to me the amendment which I have offered, which is not so restrictive as the amendment offered by the Senator from Arizona, lessens the chance that such an unfortunate step might be taken; but at the same time it indicates that this Nation is behind the desires of the people of the Associated States to gain their independence.

Mr. DIRKSEN. Mr. President, I know it is a difficult and delicate situation. I recognize the force of the argument.

Mr. FLANDERS. Mr. President, will the Senator yield?

Mr. GOLDWATER. I yield.

Mr. FLANDERS. I should like to suggest to the Senator from Arizona that I am on record as being deeply concerned with the matter he has presented. I brought up the subject in the colloquy with the Senator from Iowa [Mr. GILLETTE] last evening, and I brought it up in a speech earlier this afternoon.

However, Mr. President, I share the doubts of the acting majority leader with regard to the wisdom of approaching it,

even though the verbiage is softened, in the way suggested by the junior Senator from Massachusetts.

I make, instead, another suggestion. This subject lies primarily within the jurisdiction of the President of the United States, and the Secretary of State. It would seem to me that for a long time past, they have not realized the seriousness of the situation and have not looked far enough ahead to see into what sort of trouble we were headed. It would seem to me to be highly appropriate for the Senate of the United States, by resolution, to call this situation to the attention of the President and the Secretary of State, and thereby indicate our strong interest indeed, more than our strong interest, our very strong feeling that these things will have to be done.

So I suggest to the Senator from Arizona that this proposal be put, instead, in the form of a resolution, which I shall gladly support personally. I cannot support the effort in the form of an amendment to the pending bill.

Mr. GOLDWATER. Mr. President, as I stated earlier, I recognize full well the dangers involved in such an amendment, but I feel that the subject has been discussed so thoroughly this afternoon that there can be no question in the minds of the people as to its intent.

Particularly during this anniversary week of our own independence it is important that we express again to the people of the world our inherent belief in the wonderful words of the Declaration of Independence in which we so firmly believe.

Mr. President, I accept the amendment offered by the Senator from Massachusetts [Mr. KENNEDY], and I ask for a vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Arizona, as modified.

EMERGENCY AGRICULTURAL LOANS

Mr. AIKEN. Mr. President, on behalf of the junior Senator from New Mexico [Mr. ANDERSON] and myself I ask unanimous consent to offer a bill for appropriate reference. I wish to explain the bill.

The PRESIDING OFFICER. Is there objection?

Mr. MAGNUSON. Mr. President, I wonder whether the Senator from Vermont would permit the Senate to vote on the pending amendment. After the amendment is disposed of he could have the floor. The Senate is ready to vote on the pending amendment, I believe.

Mr. AIKEN. With the understanding that there will be an immediate vote on the pending amendment and that I may have the floor after the vote is had—no; I have the floor, and I had better keep it.

The PRESIDING OFFICER. Objection is heard.

Mr. AIKEN. There seems to be too much talk in the offing for me to yield the floor at this time. I do not know when I would get it back.

The PRESIDING OFFICER. The Chair would remind the Senator that objection was made, and, therefore, he may not introduce the bill at this time.

Mr. AIKEN. Very well.

Mr. MAGNUSON. Mr. President, I did not object. If what I said was understood to be an objection, I withdraw the objection.

Mr. AIKEN. I may say to the Senator from Washington—

The PRESIDING OFFICER. The objection has been withdrawn, and the Senator from Vermont may proceed.

Mr. AIKEN. Mr. President, the bill which I am offering on behalf of the Senator from New Mexico [Mr. ANDERSON] and myself proposes to amend Public Law 38, 81st Congress, to give additional authority for helping farmers and stockmen in emergencies such as now exist in the disaster and flood areas.

The bill would provide supplemental sources of credit for farmers in disaster areas. It would facilitate the administration of programs for furnishing feed and seed to farmers in areas determined by the President to be disaster areas.

All loans and expenditures provided for in the bill would be made from the disaster-loan revolving fund established by Public Law 38, 81st Congress—approved April 6, 1949.

Public Law 38 dissolved the Regional Agricultural Credit Corporation and transferred the assets of the revolving fund—amounting to \$45.5 million—created by section 84 of the Farm Credit Act of 1933, as amended, to the new disaster loan revolving fund. An additional \$30 million was added to the fund by the Flood Rehabilitation Act, 1952, in October of 1951 to take care of additional needs arising out of the floods in Kansas, Missouri, and Oklahoma.

As of June 12, 1953, there was a balance of approximately \$17 million in this fund, with anticipated collections of \$36 million during the fiscal year 1954 which, if realized, would make approximately \$53 million available during the course of the year. Since much of the money is loaned out in the drought area already, it now seems unlikely that collections will be as good as estimated.

Loans for production disasters presently authorized under Public Law 38 have varied from about \$21 million to \$50 million each year since the establishment of the fund. The balance on hand in the fund would be enough to start the program provided for in the bill. The programs authorized in the bill, however, will very likely involve substantial funds. Therefore, immediate consideration will have to be given to requesting an addition to the revolving fund.

The following is a brief analysis of the bill:

1. Section 2 (b), economic disaster loans: This section would authorize loans to farmers and stockmen in areas determined by the President to be major disaster areas, if the Secretary found that an economic disaster, such as price declines, had also caused a need that recognized lenders, including Farmers' Home Administration, could not meet. The bill contemplates that the authority would be relied upon only for temporary periods. It could be used to meet

emergency situations in such areas where Farmers' Home Administration was out of money, until the matter could be brought to the attention of the Appropriations Committees of the Congress.

2. Section 2 (c), special livestock loans: This provision, which is largely self-explanatory, sets up a lending authority out of the old RACC revolving fund, substantially similar to the authority of the regional agricultural credit corporations, which have been liquidated. The administrative and procedural work of making and collecting the loans would be handled by Farmers' Home Administration. The approval of the loans, however, would be by committees designated by the Secretary for areas of 5 or 6 counties, meeting perhaps once each week, and loan servicing would be under the jurisdiction of those committees. Loans in excess of \$50,000 would have to be approved by the Secretary.

Under the bill a rancher or a stockman, in order to get a loan, would need to have a reasonable chance of working out of his difficulties with this supplementary financing, and if existing creditors were willing to cooperate. The borrower would give such security as he had available. Existing creditors would not be asked to subordinate their indebtedness, but would be expected to cooperate by giving standby agreements.

The authority for making these livestock loans would be limited to a period of 2 years.

3. Section 2 (d), emergency assistance in furnishing feed and seed: This section would enable the Department to continue to do substantially what it is now doing in the way of helping farmers get feed and seed in the disaster areas as determined by the President. The Department would not have to rely upon the President's emergency fund, however, for the money necessary to carry on the functions. It would use funds in the revolving fund for those purposes, and that fund would be under the jurisdiction of the Secretary of Agriculture.

It has been recognized for some time that the Department of Agriculture should have its own funds with which to carry on these functions for farmers when the President finds that assistance is required by an emergency.

4. The last section of the bill makes technical amendments to the existing provisions of Public Law 38, so as to make it possible to use the revolving fund for the purposes of these amendments. It also carries an authority for additional appropriations to be made to this fund in the regular way.

Mr. President, I ask unanimous consent that the bill, which is not long, be printed in the RECORD. I also ask unanimous consent that if other Senators wish to join in sponsoring the bill, they may do so. For that purpose, I ask that the bill lie at the desk for an hour, so that if there are other Senators who desire to be cosponsors in this effort to assist the administration in helping to maintain a prosperous agriculture in the United States, they may have an opportunity to do so. I make this request for the reason that several Members of the Senate have indicated a desire to join in sponsoring the bill, but I have not had an opportunity to see them this afternoon.

The PRESIDING OFFICER (Mr. BUSH in the chair). Without objection, it is so ordered.

There being no objection, the bill (S. 2267) to amend the act of April 6, 1949, to provide for additional emergency assistance to farmers and stockmen, and for other purposes, introduced by Mr.

AIKEN (for himself, Mr. ANDERSON, Mr. YOUNG, Mr. LANGER, Mr. MUNDT, Mr. BARRETT, Mr. CASE, Mr. JOHNSON of Texas, Mr. CLEMENTS, Mr. STENNIS, Mr. MONRONEY, Mr. McCLELLAN, Mr. KERR, Mr. JOHNSON of Colorado, Mr. McCARRAN, Mr. MILLIKIN, Mr. THYE, Mr. DANIEL, Mr. SCHOEPP, Mr. BENNETT, Mr. CARLSON, Mr. WELKER, Mr. GILLETTE, Mr. BRICKER, Mr. MALONE, Mr. TAFT, Mr. KUCHEL, Mr. GOLDWATER, Mr. WATKINS, Mr. DWORSHAK, Mr. COOPER, Mr. KNOWLAND, Mr. HENDRICKSON, Mr. HICKENLOOPER, Mr. JACKSON, Mr. EASTLAND, Mr. JOHNSTON of South Carolina, Mr. HOEY, Mr. HOLLAND, Mr. DOUGLAS, Mr. MANSFIELD, Mr. MORSE, Mr. HUNT, Mr. MURRAY, Mr. KEFAUVER, Mr. FULBRIGHT, Mr. GREEN, Mr. HILL, Mr. SPARKMAN, Mr. MAYBANK, Mr. HUMPHREY, Mr. BUTLER of Nebraska, and Mr. GRISWOLD), was received, read twice by its title, referred to the Committee on Agriculture and Forestry, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That section 2 of the act of April 6, 1949 (63 Stat. 43, as amended), is hereby further amended by adding these new subsections as follows:

"ECONOMIC DISASTER LOANS

"Sec. 2. (b) The Secretary is authorized in connection with any major disaster determined by the President to warrant assistance by the Federal Government under Public Law 875, 81st Congress, as amended (42 U. S. C. 1855), to make loans to farmers and stockmen for any agricultural purpose in the area covered by the determination of the President, if he finds that an economic disaster has also caused a need for agricultural credit that cannot be met for a temporary period from commercial banks, cooperative lending agencies, the Farmers' Home Administration under its regular loan programs, or other responsible sources. The loans shall be made at such rates of interest and on such general terms as the Secretary shall prescribe for such area.

"SPECIAL LIVESTOCK LOANS

"Sec. 2. (c) For a period of 2 years from the effective date of this act loans for \$2,500 or more may be made to established ranchers or stockmen (including corporations or associations engaged in the business of financing cattle if they are owned and controlled by ranchers and stockmen engaged in the business of buying and selling cattle) who have a good record of operations, but are unable temporarily to get the credit they need from recognized lenders and have a reasonable chance of working out of their difficulties with supplementary financing. The loans may be made on such security as the borrower has available and for the time reasonably required by the needs of the borrower but not exceeding, in the first instance, a period of 3 years. The creditors of the applicant will not be asked to subordinate their indebtedness but must be willing to work with the borrower to the extent of executing standby agreements for such periods of time as is reasonably necessary to give the borrower a chance to substantially improve his situation. The loans shall bear interest at the rate of 5 percent per annum and shall be made on such other terms and conditions as the Secretary shall prescribe. The loans shall be subject to approval by a special committee appointed by the Secretary to serve for the particular area as determined by the Secretary. Loans exceeding \$50,000 shall also be approved by the Secretary. The committee shall consist of at least three members appointed by the Secretary from local financing institutions, livestock operators, and persons having recognized knowledge of the livestock industry. The committee shall

perform such additional functions under this act, including general direction of the servicing of the loans, as the Secretary may prescribe. The members shall serve at such compensation as the Secretary shall determine not exceeding \$25 for each day spent on the work of the committee, and shall be entitled to receive transportation costs and per diem in accordance with standard Government travel regulations.

"EMERGENCY ASSISTANCE IN FURNISHING FEED AND SEED"

"SEC. 2. (d) The Secretary is authorized in connection with any major disaster determined by the President to warrant assistance by the Federal Government under Public Law 875, 81st Congress, as amended (42 U. S. C. 1855), to furnish to established farmers, ranchers or stockmen feed for livestock or seeds for planting for such period or periods of time, at reasonable prices, but the Secretary may waive repayment in whole or in part if in his judgment circumstances so require. The Secretary may specify such other terms and conditions as he may determine to be required by the nature and effect of the disaster. The Secretary may utilize the personnel, facilities, and funds of any agency of the United States Department of Agriculture, including Commodity Credit Corporation, for carrying out these functions and may reimburse the agencies so utilized for the value of any commodities furnished which are not paid for by the farmers or ranchmen, and for administrative expenses necessary in performing such functions."

AMENDMENTS TO EXISTING PROVISIONS

The last sentence of subsection 2 (a) is renumbered as subsection 2 (e) and a comma and the word "reimbursement" shall be inserted after the word "loans" in said subsection.

The letter (a) in the last clause of subsection 2 (b) is deleted, the subsection is renumbered as subsection 2 (f), and there shall be added at the end thereof the following new sentence: "There is hereby authorized to be appropriated to the revolving fund such additional sums as the Congress shall from time to time determine."

Mr. AIKEN. Mr. President, I ask unanimous consent that, if a meeting can be arranged, the Committee on Agriculture and Forestry be authorized to sit in hearing on this bill on Monday afternoon.

The PRESIDING OFFICER. Without objection, consent is granted.

Mr. LANGER. Mr. President, will the Senator from Vermont yield?

Mr. AIKEN. I yield.

Mr. LANGER. Do I correctly understand that livestock loans are to be made for a period of only 2 years?

Mr. AIKEN. The loans may be made for a period of 2 years. They may be made, I believe, during the next 2 years, under the provisions of the bill.

Mr. LANGER. When will they be due? Will they be due in 2 years?

Mr. AIKEN. The loans to be made would be similar to the original Regional Agricultural Credit Corporation loans, I am sure. The usual time of such loans is 2 years, but if the need warrants it, I am sure that they can be renewed. The purpose of the bill is to give the livestock people such time as they may need to work their way out of their difficulties, if they appear to have a possible chance of doing so.

Mr. CASE. Mr. President, will the Senator from Vermont yield to me?

Mr. AIKEN. I yield.

Mr. CASE. The purpose of the bill is also to relieve them of the necessity of having to liquidate bank loans, under such conditions; is that correct?

Mr. AIKEN. Yes, that is the main purpose, namely, to permit them to hold their young cattle, their unfinished cattle, and their foundation herds, and not to have to send them to market and take the very low prices which they are having to take today in the drought area.

Mr. CASE. And, conversely, where the equity on an existing loan is fairly well wiped out, to permit them to carry the loan until satisfactory banking conditions can be had; is that correct?

Mr. AIKEN. Yes. The banker will not be required to subordinate his loan to the Government loan, but he will be asked to stand by and wait until the owner of the cattle can recoup and find his way out of his difficulties.

Mr. CASE. I hope the Senator from Vermont will add my name to the bill, as a co-sponsor.

Mr. AIKEN. I shall place the bill at the desk and let Senators add their own names. I spoke to two or three Senators. I hope that all Senators who wish to add their names as cosponsors will do so.

Mr. BARRETT. Mr. President, will the Senator from Vermont yield to me?

Mr. AIKEN. I yield.

Mr. BARRETT. Is there to be any limitation on the amount that can be loaned by the new agency, as proposed?

Mr. AIKEN. The Department has been working on this bill steadily for about 3 days. I see no limitation on the amount of loan that can be made, except that loans of \$50,000 or more must be approved by the Secretary, as well as by the local committee.

Mr. MUNDT. Mr. President, will the Senator from Vermont yield to me?

Mr. AIKEN. I yield.

Mr. MUNDT. I think I understood the Senator from Vermont to state, in his reading of the analysis of the bill, that economic disasters and acts of God will be added as justification for the making of the loans.

Mr. AIKEN. That is true.

Mr. MUNDT. So they will be made available anywhere in the country where sheepmen or cattlemen find themselves in serious economic straits. Is that correct?

Mr. AIKEN. Yes, where the economic straits are sufficiently serious to warrant the making of a declaration that the area is a disaster area.

Mr. MUNDT. That is correct—in other words, where they are sufficiently serious to justify the making of such a declaration, is that true?

Mr. AIKEN. That is right.

Mr. LANGER. Mr. President, I ask that my name be added to the bill, as cosponsor.

Mr. AIKEN. Mr. President, I yield the floor.

MUTUAL SECURITY ACT OF 1951, AS AMENDED

The Senate resumed the consideration of the bill (S. 2128) to amend the Mutual Security Act of 1951, as amended, and for other purposes.

Mr. HENDRICKSON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from New Jersey will state it.

Mr. HENDRICKSON. Do I correctly understand that the pending question is on agreeing to the amendment of the Senator from Arizona [Mr. GOLDWATER], as modified by the amendment of the Senator from Massachusetts [Mr. KENNEDY].

The PRESIDING OFFICER. That is correct.

Mr. HENDRICKSON. Mr. President, I wish to speak briefly on this question.

First, I wish to commend the able Senator from Arizona, and the able Senator from Massachusetts for the vision they have shown and the leadership they have furnished on this issue.

When this bill was before the Armed Services Committee, I was very much concerned about the possible effect and implication of section 304 if enacted. Indeed, I was so seriously disturbed that in the committee I moved to strike out the section. After further discussion, at the request and largely on the advice and counsel of the distinguished chairman of the Armed Services Committee [Mr. SALTONSTALL], I later withdrew my motion.

I am delighted this afternoon, as I have said, that such fine leadership has been afforded us, and that we now have before the Senate what I regard as a sound vehicle for the solution of what seemed to me to be a dangerous situation which might well have confronted not only the United States but also the entire free world, as a result of the language in section 304. As presently written as one member of the Armed Services Committee, I shall be very happy to support the amendment offered by the distinguished Senator from Arizona, as modified by the amendment of the Senator from Massachusetts.

While I am on my feet, Mr. President, I wish to commend all Senators who have so ably supported this amendment during the discussion this afternoon.

Mr. COOPER. Mr. President, I wish to associate myself with the position taken by the distinguished Senator from California, the acting majority leader [Mr. KNOWLAND] in his opposition to the pending amendment and with the distinguished Senator from Vermont [Mr. FLANDERS] in the suggestions he made a few minutes ago.

I speak not only in opposition to the amendment which was originally proposed by the distinguished Senator from Arizona [Mr. GOLDWATER], but also in opposition to the amendment as modified by the distinguished Senator from Massachusetts [Mr. KENNEDY]. I will state my reasons.

The amendments which have been proposed are moved by our tradition of freedom and independence. They are charged with our deepest sentiments and our profoundest hopes for the people of the Associated States of Indochina. I am sure that every Member of the Senate holds the hope that France will not have a decision forced upon her by circumstances and events in Indochina, but that France will make its decision, and

will give to those states the assurance of a day for their independence. I agree wholly with the statement made by the distinguished Senator from Illinois [Mr. DIRKSEN], that if such a decision were to be made, it would give incentive, it would give a cause for those who fight in those lands. Yet, I believe that the amendments, with their mandatory provisions, carry with them great danger not only to the eventual success of the objective of independence for those people, but also to our own cause and our own security. If the amendment which has been proposed by the Senator from Arizona should be adopted, in its original form, and if France then should not accept its ultimatum, and in consequence our aid should be withheld, we may contribute to the success of the Communist guerrillas, and we shall have denied forever, or for a long time, the very objective which is implicit in these amendments. If the people of these countries fall under Communist domination, the hope of freedom is gone.

It may be said that the amendment as modified removes this danger. I do not think so. From a careful reading of the amendment it will be noted that it says that aid shall be administered only in such a way "as to encourage through all available means" the freedom and independence desired by the peoples of the Associated States, including the military training of the Vietnamese. If these words mean anything, they mean that aid will be withheld unless it is used to secure or promote the freedom of the Associated States. I do not see how France could accept such a proposal, when implicitly it conveys the same ultimatum as that contained in the amendment proposed by the Senator from Arizona.

Mr. KENNEDY. Mr. President, will the Senator yield?

Mr. COOPER. If I may finish, I shall be glad to yield to the Senator in a moment. I believe our first great objective in the Pacific and the Far East today is our own security, and we should take no step which would endanger that security. We are hoping very much that there will be a successful conclusion of the negotiations in Korea; and certainly one of the pressures which bears in our favor against the Chinese Communists, is the aid we give in Indochina. It would be folly to withdraw at this time one of the favorable pressures in our truce negotiations for the dearest hope we have today—the ending of the war in Korea.

The independence of the people of these areas is our hope. Yet, if we should adopt this amendment, and if it should become necessary, in order to adhere to its terms, to withdraw our aid, I repeat that in all probability we might be denying them the chance of their ever obtaining freedom.

I remember that after aid had been granted to the Nationalist Government in China, limitations were imposed upon that aid by the Government of the United States. Conditions were imposed upon the Nationalists and the aid was not given. Many have believed and many have charged that because of those

limitations and the consequent withholding of aid, China fell, and that we were placed in the position of grave danger in which we now find ourselves. Let us not do today the same thing for which we have condemned the administration of our friends upon the other side of the aisle.

Finally, we have many delicate connections with France in many places. They have forces and their sons in Korea. We are in a vital and delicate situation with France in connection with the European Defense Community. These connections affect our security and that of the free countries of the world.

In closing, I say again, that all of us agree that the countries in question should attain independence, but if we want our views and sentiments known let us act in the way proposed by the distinguished Senator from Vermont [Mr. FLANDERS]; namely, by a resolution expressing the sense of the Senate, in a way that will not defeat the very aims we seek.

Mr. KENNEDY. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. KENNEDY. The Senator from Kentucky has stated that my amendment would withhold money unless certain conditions were met by the French. That is incorrect. The words are:

Provided, That the expenditure and distribution of the funds, equipment, materials, and services authorized under this or any other section of this act on behalf of the Associated States of Cambodia, Laos, and Viet-Nam, to the extent that it is feasible and does not interfere with the achievement of the purposes set forth in this act, shall be administered in such a way as to encourage through all available means the freedom and independence desired by the peoples of the Associated States, including the intensification of the military training of the Vietnamese.

That reflects an entirely different spirit than to say that if France does not give these States their freedom, the aid will be withheld.

The second point I wish to make, in answer to the statement of the distinguished Senator is this: The United States has put its prestige directly behind the French in this struggle. Moreover, it has devoted large sums of money in rendering assistance; yet, the Senator knows, as I know, that the conditions are not now present in French Indochina that would permit a victory for the French forces. Indeed, indications are against such a victory, regardless of the steady increase in United States assistance since 1950. Continuation of an obviously fruitless campaign will certainly be more likely to result in the French withdrawing. The amendment which I have suggested will stimulate local self-government in those countries, thereby stimulating the support of the native population for the war effort, support which is not now there. It seems to me that the prospects of total success and of the French remaining will be enhanced by such conditions of popular support being established in French Indochina, rather than by the United States doing nothing while the French continue to dominate those areas. It is the latter

which could bring negotiations which might be disastrous by causing the French to pull out completely.

Mr. COOPER. I agree entirely with the Senator's objectives. All I have said is that I do not believe this is a proper method of attaining them. I think our influence can be directed in better ways.

Mr. FERGUSON. Mr. President, I desire to say a few words regarding the amendment now pending. This is not the time for the consideration of such an amendment. I think it would be a mistake for the Senate to adopt this amendment because of the effect it would have on our foreign relations. France has just formed a new government. France's new government has had very little time to act. I believe that a proposal so important as the one suggested by the Senator from Arizona [Mr. GOLDWATER], which has been modified by the acceptance as a substitute of the amendment offered by the Senator from Massachusetts [Mr. KENNEDY], should be discussed by this Nation on a very high policy level.

The President of the United States, who is familiar with all of the facts and circumstances, is the one to conduct this kind of negotiation with a country which at the present time is at war in Indochina. I am not unmindful that the question of independence plays a great part in the conflict in Indochina.

I conferred at one time, while in Saigon, with the cabinet of Indochina and I know the feeling it has in relation to the question of independence. I was told there were thousands of persons fighting on the Communist side who were patriotic as are those upon the French side.

Mr. President, I feel that it is not advisable to adopt the amendment at this time. The new Government of France must know how America feels with reference to independence. As the 4th of July anniversary of our own independence is approaching, we all appreciate and fully realize what independence means to other peoples. It is very vital to these people of the Associated States.

We are furnishing supplies to Indochina, which is engaged in a war against communism, and all it stands for. In my judgment, we in the Congress should not attempt to legislate upon this particular subject which involves foreign relations. We know that our relations with other allies in the free world are strained at the present time because of what is going on in Korea. Do we want now to accentuate these strained relations between the United States and her foreign allies by an act of Congress? Would it not be better to let the President know how we, as Members of the Senate, feel personally about the subject?

I hope the Senate will not adopt the amendment, even though we are in sympathy with the independence of the people of Indochina.

Mr. HENDRICKSON. Mr. President, will the Senator from Michigan yield?

Mr. FERGUSON. I yield.

Mr. HENDRICKSON. Do I understand from the remarks made by the Senator from Michigan, that he objects

to the timing but is not opposed to the principle involved. Is that correct?

Mr. FERGUSON. I am opposed to trying to solve the problem by actions of Congress. A very delicate situation is involved, and negotiations should be conducted by the President of the United States, who is in charge of our foreign activities concerning the French and the Indochinese, so far as the war there is concerned. I feel that Congress should not be legislating foreign policy when a war is now actually in progress.

Mr. HENDRICKSON. We are legislating the authority, are we not?

Mr. FERGUSON. We are acting on legislation proposing to give aid to certain other peoples as the President of the United States shall determine.

Mr. HENDRICKSON. Which is quite within our power.

Mr. FERGUSON. Yes; it is within our power to say that independence must be given prior to the receipt of any money. We can do that; there is no question about it. The question is as to the advisability of doing so.

Mr. CASE. Mr. President, will the Senator from Michigan yield?

Mr. FERGUSON. I yield.

Mr. CASE. Does not the Senator feel that it is certainly within the responsibility of the Congress to say whether we want to provide assurance to the taxpayers of the country that these huge sums of money will be used to strengthen the forces against communism?

Mr. FERGUSON. There is no doubt about that.

Mr. CASE. Does not the Senator feel that the strongest support we could give in the fight against communism in Indochina today is to let the people of the Associated States know that we believe they should have independence?

Mr. FERGUSON. I would say that letting them know we favor their independence is a desirable thing, but I doubt if an attempt to provide for their independence in legislation by telling them that the French must give them their independence today would strengthen their battle for independence. I am conscious that I do not have sufficient facts upon which to act.

Mr. CASE. We set a target date in connection with granting independence to the Philippines. We set a date on which independence would be forthcoming. It seems to me we could do nothing which would do more to weaken the Communist appeal in Indochina today than to make it clear that our aid is in support of independence as well as against communism.

The articles which I have read and the reports I have heard state that the strongest appeal the Communists have to maintain their fighting forces in that area is that they are fighting for independence. If we rob them of that battle cry, we shall have weakened the Communist position no end.

Mr. FERGUSON. But does the Senator have sufficient facts to enable him to say that if independence were given today communism would not overrun the country and destroy their independence?

Mr. CASE. I read in the statement of the Senator from Massachusetts that

one of the leaders said there would not be any war if it were not for the independence question.

Mr. FERGUSON. I realize that the question of independence is involved in the war, but I am not assured that if independence were given it would not be lost, because I think it would be engulfed by communism.

Mr. CASE. I certainly think we have sufficient information to give assurance to the taxpayers of the United States that we are not committing money and American boys to a war in that kind of a terrain and under that kind of conditions unless the people of Indochina are fighting for the principles of freedom.

Mr. FERGUSON. Today are we saying in Korea that independence must be given to all the people of Korea?

Mr. CASE. I hope we are trying to give the Koreans a chance to survive.

Mr. FERGUSON. I hope we are, but we are not saying to them that we are going to guarantee their freedom and independence.

Mr. CASE. We do not say that under the language proposed in the amendment, but we do express the sentiment.

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Hayden	Millikin
Anderson	Hendrickson	Monroney
Barrett	Hennings	Morse
Beall	Hickenlooper	Mundt
Bennett	Hill	Murray
Bricker	Hoey	Neely
Bridges	Holland	Pastore
Bush	Humphrey	Payne
Butler, Md.	Hunt	Potter
Byrd	Jackson	Purtell
Carlson	Johnson, Colo.	Robertson
Case	Johnson, Tex.	Russell
Clements	Johnston, S. C.	Saltonstall
Cooper	Kennedy	Schoeppel
Cordon	Kerr	Smith, Maine
Dirksen	Knowland	Smith, N. J.
Douglas	Kuchel	Sparkman
Dworshak	Langer	Stennis
Eastland	Lehman	Symington
Ellender	Long	Taft
Ferguson	Magnuson	Thye
Flanders	Malone	Watkins
George	Mansfield	Welker
Gillette	Martin	Wiley
Goldwater	Maybank	Williams
Gore	McCarran	Young
Green	McCarthy	
Griswold	McClellan	

The PRESIDING OFFICER. A quorum is present.

Mr. GEORGE. Mr. President, the pending amendment, which, as I understand, is a substitute proposed by the distinguished Senator from Massachusetts [Mr. KENNEDY] for the amendment offered by the distinguished Senator from Arizona [Mr. GOLDWATER] to the bill, presents a very serious question. With the general purpose of the two amendments no one would wish to quarrel, certainly not those of us in the Senate who feel keenly the responsibility of our service as representatives of our people, who themselves love liberty and have had an experience not dissimilar to that of other peoples elsewhere in the world.

But the problem presented is one of extreme difficulty. Basically, the question is whether we desire to continue the

efforts we have begun to bring about a cessation of the aggressive movements of a very hostile philosophy and government against the liberties which we ourselves cherish. Of course, we might with perfect propriety place a condition upon any grant, whether by way of gift or loan, to any country or to any people. That is unquestioned. We might impose conditions upon any grant we might wish to make, but the question is whether it is wise to do so if we are seriously undertaking to accomplish anything by the efforts we are making.

I know that many American people lose their patience with a great part of this program because of things that are happening around the world. The question is, Have we faith enough in the program to continue it, whether as a part of the defense operations of the Government, as a part of the State Department, or through an independent agency, as it is now conducted? I expressed my view on this point earlier in the day.

If we have faith enough to continue it, in any form, through any agency, then I think we must be extremely careful in what we are attempting to do by these amendments. Either of these amendments, or any similar amendment attached to the bill—which is, after all, an aid bill—as a condition would have the indirect effect of challenging another nation on which we are very greatly dependent for the success of all operations in Western Europe.

I have long believed, and I have said so on this floor many times, that there would be no ultimate hope without Germany of building a military force in Europe that could withstand a determined aggressive movement by the Soviet Union. I believe that profoundly. At the same time, it is very difficult to conceive of a defensive military program in Western Europe that would wholly ignore the existence of France.

There is but one safe course for a free people with a history such as ours to pursue. In our intercourse with other nations we should restrain ourselves from interference in their own domestic affairs. At the moment the war in Indochina is an affair of France's, and in an area of the world which bears some relationship to the Government of France and to the people of France.

It is true that we have a great sympathy with people of Indochina who are struggling there for their liberty; but at the same time we ought not to interfere or attempt to interfere in any way with the internal affairs of France at this particular time, a crucial time in her history, if we wish to make the whole enterprise on which we have embarked at such great sacrifice to our people and with such high hopes and enthusiasm, a real success.

If because of our interference France is compelled to forego further assistance under the mutual-security program, or if she is forced to make a declaration which individually as Senators we might greatly desire to hear made and to witness, then I propound this one question: How long will it be before France will have most serious difficulties in other areas of the world?

Not only is France engaged in Indochina. France has interests in Morocco and Tunisia. We cannot interfere in the internal affairs of a friendly ally with any degree of safety or assurance that we are not defeating the very purpose which we have so loudly proclaimed.

Mr. President, it is most unfortunate, in my judgment, that these amendments have been offered, because if such an amendment should be adopted in any form and go to conference, and the conferees should find it necessary, acting with reasonable prudence and care, and with the utmost sympathy for the motives which have prompted Senators in offering these amendments, to eliminate the amendment, then we would certainly be misunderstood in many parts of the world.

If France is forced to withdraw from Indochina, or if she voluntarily withdraws from Indochina, what assurance have we that Indochina will not itself fall a victim to Red China? What assurance is there? We assume a burden if we follow such a course. If there is an aggressive movement toward Indochina, we assume the burden of sending troops to that far corner of the world. At least we assume a moral obligation.

What would be the effect, Mr. President, if France should act affirmatively upon these amendments, or either one of them, or a similar amendment in any form or language? What would be the effect in France herself? How would France resist the Soviet propaganda of the Soviets in France if the French people were reminded daily, "You have had to yield in order to obtain largesse and gifts from America. You have had to yield in a matter of vital concern to the French people." Would they resist such propaganda? I do not think so.

Much as I am concerned about what goes on in the East, and in the Far East, I am still concerned about what goes on in Western Europe. If France should now decline to accept further assistance, or if France should be forced to take a political action which she is not yet able to take because of the conditions which we would impose upon her by this or some similar amendment, then I think it would be very difficult to prevent the NATO organization from falling apart.

In any event, the future is not without its danger signs and signals, even under the best of conditions. With a thorough understanding of the motives prompting these amendments, and of the sentiments which have been expressed in favor of them, and with a thorough sympathy for those motives, I nevertheless feel strongly that the free peoples of this world should not do something which might defeat every effort made in Western Europe.

Mr. President, I have never been very emotional on this subject; but if the Iron Curtain ever falls upon the shores of the Atlantic, then the difficulties in America will be immeasurably increased, and the final safety and economic independence of our own people will be very gravely threatened and circumscribed.

Mr. President, it is known in the State Department, it is known in the executive offices of this Government, it is

known by all of us who have tried to keep abreast of what is going on in Indochina, that a great effort has been made to bring France herself to a decision which would obviate the necessity of this kind of amendment or resolution.

How close that decision may be at this moment is not proper and not possible for me to say, but progress has been made.

France may be compelled to withdraw from Indochina. Believe me, Mr. President, the total withdrawal of France from Indochina at this moment might present us with graver problems than the continuation of the unhappy state and condition that exist in that quarter of the globe at this time.

But France undoubtedly will and France undoubtedly can handle this problem in her own way. We cannot be helpful by officious intermeddling in the affairs of a friendly nation. I am profoundly convinced it would be so much better, as long as we continue this program, to abstain, and to religiously abstain, from an disposition or purpose to interfere with the internal affairs of a friendly ally, even though we are concerned by the affairs that take place in other nations, and although we may disapprove, and heartily disapprove, of some things that have occurred and will continue to occur.

But, Mr. President—and I have said all that I desire to say on this matter—in my judgment, it would be most unfortunate if through the adoption of these amendments, or the sense of them, we have to take the proposal to conference, and it is either confirmed or rejected. If rejected, a question will arise. If approved by the conference and reported back to the Senate and the House, beyond all doubt we will have given offense to a sorely beset and sorely pressed friend and ally, although we may not be able to rely upon that friend and ally to the same extent we would like to be able to depend upon her because of her present condition and the state of affairs in the world.

Mr. President, since we have put our hand to this task, whether wise or unwise—and we have been working at it at a vast cost to the American people for 7 years—I hope we will not do anything which may lead, and easily may lead, to the defeat of the main purpose for which we have at least been honorably striving as a part of the legislative branch of the American Government.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Arizona [Mr. GOLDWATER], as modified.

Mr. GOLDWATER. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. SALTONSTALL. I announce that the Senator from Pennsylvania [Mr. DUFF], the Senator from Indiana [Mr. JENNER], and the Senator from Nebraska [Mr. BUTLER] are necessarily absent.

The Senator from Delaware [Mr. WILLIAMS] is absent on official business.

The Senator from Indiana [Mr. CAPEHART] and the Senator from New Hamp-

shire [Mr. TOBEY] are absent by leave of the Senate.

The Senator from New York [Mr. IVES] is absent by leave of the Senate, having been appointed a delegate to attend the International Labor Organization Conference at Geneva, Switzerland.

Mr. CLEMENTS. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from West Virginia [Mr. KILGORE], and the Senator from Florida [Mr. SMATHERS] are absent on official business.

The Senator from Texas [Mr. DANIEL], the Senator from Arkansas [Mr. FULBRIGHT], and the Senator from Tennessee [Mr. KEFAUVER] are absent by leave of the Senate.

The Senator from Delaware [Mr. FREAR] is absent by leave of the Senate on official committee business.

I announce further that, if present and voting, the Senator from Delaware [Mr. FREAR] and the Senator from Arkansas [Mr. FULBRIGHT] would vote "nay."

The result was announced—yeas 17, nays 64, as follows:

YEAS—17

Barrett	Goldwater	Magnuson
Case	Hendrickson	Malone
Clements	Jackson	Watkins
Dirksen	Kennedy	Welker
Douglas	Langer	Young
Dworshak	Long	

NAYS—64

Aiken	Hennings	Morse
Anderson	Hickenlooper	Mundt
Beall	Hill	Murray
Bennett	Hoey	Neely
Bricker	Holland	Pastore
Bridges	Humphrey	Payne
Bush	Hunt	Potter
Butler, Md.	Johnson, Colo.	Purtell
Byrd	Johnson, Tex.	Robertson
Carlson	Johnston, S. C.	Russell
Cooper	Kerr	Saltonstall
Cordon	Knowland	Schoeppel
Eastland	Kuchel	Smith, Maine
Ellender	Lehman	Smith, N. J.
Ferguson	Mansfield	Sparkman
Flanders	Martin	Stennis
George	Maybank	Symington
Gillette	McCarran	Taft
Gore	McCarthy	Thye
Green	McClellan	Wiley
Griswold	Millikin	
Hayden	Monroney	

NOT VOTING—14

Butler, Nebr.	Frear	Kilgore
Capehart	Fulbright	Smathers
Chavez	Ives	Tobey
Daniel	Jenner	Williams
Duff	Kefauver	

So Mr. GOLDWATER's amendment, as modified, was rejected.

CIVIL-SERVICE RETIREMENT BENEFITS TO CITIZENS OF FOREIGN COUNTRIES

Mr. CARLSON. Mr. President, on June 4 on the floor of the Senate, the distinguished Senator from Delaware [Mr. WILLIAMS] made a statement relative to a major loophole in our civil-service retirement law whereby citizens of foreign countries are being given full benefits under our retirement system.

At that time I stated that the staff of the Senate Post Office and Civil Service Committee would do some research relative to this matter. As a result of that research I am informed that these aliens were placed on the retirement eligibility

list by the Retirement Act of January 24, 1942, which placed all Federal employees other than certain temporary employees on the retirement eligibility list.

Some of these people never took a civil-service examination, but they had worked for some branch of the United States Government, and as the civil-service law now stands we seem to be bound under law to pay these annuities.

There are aliens in 67 countries or islands now drawing an annuity from the United States Government. As of June 1953 there was a total of 3,554 aliens drawing a grand total of \$168,785.87 in annuities per month.

I have in my possession a tabulated list of countries with the number of annuitants for each country and the gross monthly annuity payments for each country. The information furnished herewith is based on records maintained in connection with the withholding of income tax from nonresident aliens. Such tax withholding has been in effect only since January 1, 1952.

I ask unanimous consent that the table may be printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Name of country	Number of annuitants	Gross monthly annuity payments
Canal Zone.....	713	\$38,581.89
Puerto Rico.....	2	90.00
Canada.....	16	702.00
British Honduras.....	1	78.00
Barbados.....	11	870.00
Jamaica.....	40	2,392.00
British Leeward and Windward Islands.....	7	316.00
Trinidad and Tobago.....	4	240.00
Netherlands West Indies.....	1	62.00
French West Indies.....	4	342.00
Mexico.....	6	254.00
Costa Rica.....	3	56.00
Guatemala.....	2	133.00
Panama.....	38	1,351.98
Cuba.....	128	6,456.00
Haiti.....	3	45.00
Netherlands Guiana.....	1	18.00
Argentina.....	4	289.00
Brazil.....	7	492.00
Chile.....	8	224.00
Colombia.....	6	175.00
Peru.....	5	159.00
Uruguay.....	1	91.00
Spain.....	11	592.00
United Kingdom.....	46	2,467.00
Malta.....	1	121.00
Netherlands.....	5	529.00
France.....	17	1,431.00
Portugal.....	5	368.00
Sweden.....	10	647.00
Finland.....	1	46.00
Germany.....	10	473.00
Switzerland.....	6	530.00
Austria.....	1	68.00
Hungary.....	4	339.00
Yugoslavia.....	2	167.00
Greece.....	3	203.00
Republic of Ireland.....	10	722.00
Free Territory of Trieste.....	1	34.00
Belgium.....	1	55.00
Italy.....	13	484.00
Norway.....	3	144.00
Union of South Africa.....	3	350.00
Nigeria.....	5	108.00
Sierra Leone.....	1	113.00
Morocco French Zone.....	1	58.00
Tunisia.....	1	61.00
Egypt.....	3	119.00
Ethiopia.....	1	10.00
Tangier.....	3	368.00
Belgian Congo.....	2	12.00
India.....	31	768.00
Pakistan.....	2	103.00
Singapore.....	1	6.00
Hong Kong.....	12	785.00
Indonesia.....	1	19.00
French Indochina.....	5	85.00
Turkey.....	13	1,174.00
Iran.....	2	91.00

Name of country	Number of annuitants	Gross monthly annuity payments
Lebanon.....	2	\$236.00
Thailand.....	6	21.00
Philippines.....	2,252	99,251.00
Japan.....	5	202.00
Guam.....	3	228.00
American Samoa.....	35	1,532.00
Marianas Island.....	1	124.00
Australia.....	2	124.00
Total.....	3,554	168,785.87

MUTUAL SECURITY ACT OF 1951, AS AMENDED

The Senate resumed the consideration of the bill (S. 2128) to amend the Mutual Security Act of 1951, as amended, and for other purposes.

The VICE PRESIDENT. The bill is open to further amendment.

Mr. SALTONSTALL. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 15, it is proposed to strike out lines 3 to 6, inclusive, and to insert:

(2) Funds appropriated under the authority of this act shall, if obligated before such date, remain available for expenditure for one year following such date in the case of assistance other than pursuant to the Mutual Defense Assistance Act of 1949, as amended, and for two years following such date in the case of assistance pursuant to the Mutual Defense Assistance Act of 1949, as amended, and shall be available during such period for obligation.

Mr. SALTONSTALL. Mr. President, the purpose of the amendment is, I believe, a very simple one. This afternoon I was approached, as chairman of the Armed Services Committee, because earlier today there was considerable debate, and the date of termination was changed from June 30, 1956, to June 30, 1955. The junior Senator from Montana [Mr. MANSFIELD] first proposed that the date be changed to June 30, 1954. The termination date agreed upon was June 30, 1955, with 1 year following that as the date of termination of contracts.

The difficulty from the Defense Department's point of view, particularly in the case of contracts made for procurement abroad, is that 1 year is too short a time in the case of some of the long-lead items. The procurement will be placed far short of the termination date of the act, if that provision is complied with.

I talked to the acting majority leader [Mr. KNOWLAND] and the senior Senator from Georgia [Mr. GEORGE] and the junior Senator from Montana [Mr. MANSFIELD], who are interested in this matter.

I believe I state correctly that it is agreeable to them to have the economic aid end 1 year after the termination date, but to allow the military items to go on for 2 years, because otherwise some of the most important items, such as jet airplanes, will be adversely af-

fected, because their completion requires that long a lead time.

Therefore, I hope the amendment will be adopted and taken to conference.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Massachusetts [Mr. SALTONSTALL].

The amendment was agreed to.

The VICE PRESIDENT. The bill is open to further amendment.

Mr. CASE. Mr. President, I had printed an amendment intended to be proposed by me, for myself and the Senator from Wyoming [Mr. BARRETT]. The amendment is identified as "6-30-53-A." It would have authorized the President in his discretion to transfer not to exceed 5 percent of the funds appropriated under the authority of this act to a special fund for economic defense, and would have made possible the purchase of commodities, including meat products and live animals, to be sent to other countries with whom the United States has a mutual assistance pact, and provided that local currencies could be received in payment therefor.

The purpose of the amendment has largely been accomplished by the amendment of the Senator from Arkansas, which already has been adopted, and which I supported, and which in fact was modified by the suggestion I made, so as to include meat products and livestock.

Therefore, I do not wish to call up my amendment.

I now ask unanimous consent that my amendment be printed at this point in the RECORD, and that following it there be printed in the RECORD a letter from the Korean Ambassador, to which I referred earlier this afternoon, in the course of the debate, and also several other letters which I have received in support thereof.

I offer these documents for the RECORD because they express some of the hopes I had in mind for the amendment, which I now transfer to the language placed in the bill as a result of adoption of the amendment offered by the Senator from Arkansas [Mr. McCLELLAN]. I should like to have these letters and documents printed in the RECORD, in order to show the legislative history.

There being no objection, the amendment and accompanying papers were ordered to be printed in the RECORD, as follows:

Amendment intended to be proposed by Mr. CASE (for himself and Mr. BARRETT) to the bill (S. 2128) to further amend the Mutual Security Act of 1951, as amended, and for other purposes, viz: At the proper place in the bill add a new section as follows:

"SEC. . The President, in his discretion, may transfer not to exceed 5 percent of the funds appropriated under the authority of this act to a special fund for economic defense and may expend such funds for the procurement and delivery of such commodities, including meat products and live animals, as may be declared by the Secretary of Agriculture to be surplus to domestic needs, to countries with whom the United States has a mutual assistance pact and may receive local currencies in payment therefor which, in his further discretion, may be used for the local currency needs of the United States in such countries, including rehabilitation and reconstruction from damage by

war: *Provided*, That the President may loan to any such countries cargo vessels owned by the United States for the transportation needs of such countries, particularly in transporting any supplies made available under the authority herein."

KOREAN EMBASSY,

Washington, D. C., March 25, 1953.

The Honorable Senator FRANCIS CASE,
Senate Office Building,
Washington, D. C.

DEAR SENATOR CASE: It was a great pleasure for Mr. Han, our counselor, and me to meet you and your assistant this morning, and I want to thank you for taking time out to talk with us.

Again, I wish to repeat what I have written to you and what I have told you, namely, that I am very grateful to you for having given serious thought to the whole problem of relieving our very grave economic needs in Korea.

In compliance with your request, I wish to state the following:

As you well know, this horrible war has been going on for the last 3 years in Korea, and more than 1,000 villages have either been destroyed or seriously crippled. More than 50 cities and towns have met the same fate during the course of the fighting in Korea. Ten million of our people have been made homeless, and there are more than 100,000 innocent children who have become orphans. Bombing from the south, bombing from the north, bombing from the east, and bombing from above cause a great deal of destruction in Korea, and this explains why most of our agricultural production has been seriously disrupted. Furthermore, there are virtually no facilities for the production of consumer goods.

I am sure that you can understand very readily why we need help. We have to feed these homeless people, we have to clothe them, and particularly the unfortunate orphans must be fed and clothed also.

Naturally, the food problem is one of the most acute difficulties our people face. We have to supply our population and particularly our armed forces, and, despite the fact that many well-meaning non-Korean organizations have been assisting us, the problem still remains serious. That is why whatever you can do in this respect would be a tremendous contribution to the betterment of the general well-being of our people. Grains such as barley, wheat, rice, corn, soybeans, and even flour would be most welcome to us. Any poultry products, as well as other meats, would be an invaluable addition to the task of meeting the shortage of food in Korea. However, dairy produce such as cheese, butter, and liquid milk would not be suitable, because the Korean dietary habits have not as yet been developed to include a taste for these items. On the other hand, it is my firm belief that powdered milk would be very useful, particularly for the children in Korea.

Any assistance that can be given to relieve the suffering of our people, particularly with regard to the need for food and clothing materials such as woolen and cotton goods, would mean a tremendous uplift in the morale of my countrymen.

I am sure that you will agree with me that, if the families and dependents of our soldiers in Korea as well as the police, who also have shared the burden of fighting in Korea, are given a more ample supply of food and clothing, the morale of our fighting soldiers and police would be greatly strengthened. Such help would make a direct contribution to the even more essential military operations in Korea.

As I told you this morning, due to the poor living conditions, because of the war, 30 percent of our people are tuberculosis cases. If something is not done to alleviate this situation, it may mean national suicide.

You may remember my comment on the farm animals. The losses in virtually all forms of livestock have been very heavy, and there has been a very sharp decline in the number of draft animals for tilling the soil. I am sure that in ameliorating this condition it would mean an increase of agricultural produce in Korea.

I also called to your attention our need for ships. Early in 1952 a bill was introduced by Senator WARREN MAGNUSON to authorize the transfer of 50,000 tons of ships to be used by Korea. This was passed in the Senate, but to our great regret, the bill failed to get recommendation in the House.

In the last few years, kindhearted American people, through their churches, other organizations, and, in many cases, individuals, have collected large quantities of relief goods for our refugees in Korea. May I call to your attention that many times in the past these goods have failed to reach Korea because of the lack of transportation.

If we had, for example, 10 Liberty-type ships, there could be a continuous flow of transportation not only for our relief goods but also for grains that have been purchased now in the process of being sent to Korea. It would mean further that these ships could go to Korean ports directly instead of stopping first in Japan. This would eliminate piling up of goods due to lack of shipping space. Our Government, despite its very difficult financial situation, has been using its meager dollar funds for the purchase of grain in this country and elsewhere as well as for the transportation of these grains at a cost of up to \$13 per ton. If we had these ships, the cost for transportation could be greatly reduced, and, naturally, this reduction would help us immensely. Ten of these ships could transport 40,000 to 50,000 tons of cargo per month.

The above is about the gist of our conversation this morning, and if there is anything I can do, please do not hesitate to call on me.

Very sincerely yours,

YOU CHAN YANG,
Korean Ambassador.

[From the New York Times of March 28, 1953]

MORE THAN BULLETS NEEDED TO WIN THE BATTLE OF KOREA—PROBLEMS OF RELIEF AND OF RECONSTRUCTION CAN BE MET ONLY BY UNITED NATIONS AND FREE WORLD

(By Howard A. Rusk, M. D.)

Although the peoples of the free world understand the ideological and political reasons for the presence of United Nations troops in Korea, only the person who has actually been there can understand the full impact of the war upon the Korean civilian population. Four years of fighting have resulted in nearly 1 million civilian casualties and complete destruction of nearly 500,000 homes. Other statistics are equally staggering—9 million dislocated people, 100,000 orphans and 300,000 war widows.

The problem of relief and of the economic and social reconstruction of Korea are so great that they can be met only by the United Nations and the national governments of the free world. To supplement this official assistance, however, Korea must have the warm, personal assistance of "people to people." This is essential if the eventual military victory is to be effective, for our military efforts will have been in vain unless Korea emerges from the war as a strong independent, democratic nation.

The spirit of the Korean people, their thirst for education and their respect for individual rights and liberties are the basic ingredients from which true democracies grow, but Korea must have help if this is to be achieved and the peace won.

The American and other United Nations troops fighting in Korea, who have come to know and respect the Korean people and to recognize their suffering and needs, have

responded with overwhelming generosity from their own small incomes. There is hardly a military unit in Korea that has not adopted a hospital, orphanage or participated in some social welfare project. The best children's hospital in Korea—the Children's Charity Hospital in Pusan, which serves the orphans of that city—is largely financed by military members of the Masonic Lodge and their friends at home. The best orphanage, Happy Mountain, also in Pusan, is operated primarily with funds contributed by the officers and enlisted men of the Korean Base Section. The First Corps men in the front lines have contributed \$100,000 for the care of child amputees at Severance Hospital in Seoul and at other facilities.

Almost every issue of the Korean edition of the Stars and Stripes carries a story of G. I.'s providing scholarships for a houseboy, equipment for an institution or assistance to widows and orphans. In addition, thousands of service men have written home for packages of food, clothing and other supplies that they pass on to the Koreans.

Through a plan instituted recently by CARE, service personnel may now order CARE packages for Korean institutions and individuals from their own post exchanges. As one prominent Korean official said: "If it hadn't been for the G.I.'s, this nation would have folded."

No actual monetary reckoning can be made of the amount of aid that American military personnel have personally contributed to Korean relief, but it undoubtedly has been far in excess of the 22 million pounds of commodities worth \$15,500,000 that non-governmental agencies in the world have contributed to Korea in the last 3½ years.

Included in this amount, which has been sent through groups, such as CARE, American Relief for Korea, Seventh Day Adventists, War Relief Services (National Catholic Welfare Conference), Church World Service, American Friends Service Committee, Lutheran World Relief, and the Committee for Free Asia, has been wearing apparel and household goods valued at \$13 million, 6 million pounds of food valued at \$1,500,000, medical and hospital equipment and supplies valued at \$121,000, agricultural equipment valued at \$42,500, and educational supplies valued at \$163,000.

Newest of the voluntary agencies to help Korea is the American-Korean Foundation, of which Dr. Milton Eisenhower is chairman. In addition to direct relief, this new group hope to engage in creative, productive projects that will assist the Koreans to produce goods and services themselves. The foundation's leaders envision it as a permanent body to eventually fill in Korea the role the Near East Foundation has played in that area.

The food, clothing, and other assistance that voluntary groups have contributed to Korea have been so desperately needed that the amount of voluntary help seems larger to the Koreans than it actually has been, for there is no place in the world today where so little goes so far and accomplishes so much. An orphan can be maintained, for example, for about 20 cents a day, a child kept in school for less than 5 cents a day, a student sent to college for \$200 a year, and a hospital bed maintained at less than a dollar a day.

Although \$15,500,000 is a sizable sum, it is not large by international philanthropic standards. Worldwide donations for Dutch flood disaster relief, for example, totaled \$27 million in cash and 22 million articles of clothing, far more than has been given to Korea in 3½ years.

How all Americans can best support the efforts of their sons, brothers, and friends who are fighting in Korea was summed up by a wounded corporal in an American mili-

tary hospital. In response to a query from this writer last week, he said:

"Doctor, I'm being well taken care of. There isn't anything I need, but there are thousands upon thousands of orphans and sick people here who need help. We in the military will do our job at the front and what we can do to help these people, but the folks at home ought to do more to help these people. That's the best way they can help us."

COUNTRY GENTLEMAN,

Philadelphia, Pa., March 16, 1953.

The Honorable FRANCIS CASE,
United States Senate,
Washington, D. C.

DEAR SENATOR CASE: We think your bill to divert some of our surplus food and other commodity stocks to the aid of South Koreans is a good idea. We are expecting a lot of those folks and they are putting up a game fight. Certainly the least we can do is to see that they are fed and clothed so that they can continue to fight, especially when we will have a job of rehabilitation on our hands, anyway. We hope the bill goes through.

Sincerely yours,

E. H. TAYLOR.

WASHINGTON, D. C., March 9, 1953.

The Honorable EZRA T. BENSON,
Secretary, Department of Agriculture,
Washington, D. C.

MY DEAR MR. SECRETARY: Attached you will find a copy of an informal draft of a bill which I propose to introduce in the Senate today which would authorize you to sell the Republic of Korea food and clothing commodities and to receive in payment legal currency of the Republic of Korea. The exact form and details are subject to revision, of course, but I hope that the general proposition will appeal to you and may have your support.

You will note that the bill also directs the Treasury to credit such currency against debentures of the Commodity Credit Corporation and to place it in a Korean Reconstruction Fund and creates a Joint Committee of the Congress to investigate conditions in Korea and recommend a program of reconstruction through the use of the fund so created.

On February 26, the Associated Press reported Korean Defense Minister Shin Tae Young as saying: "The ROK soldier is getting only about one-third the calories he needs from rice and a few side dishes."

Last week, in the Senate Committee on Armed Services we heard Lt. Gen. James Van Fleet say that both the military and civilian populations of South Korea were living on a diet below that which we provide for our prisoners-of-war under the Geneva Convention.

General Van Fleet also testified that fewer South Korean troops would go to the hospital, that more South Korean men could qualify for military service, that efficiency at the front would be improved if they had a better diet. He also said that many of the civilians are wearing the ragged remnants of the clothes they had on their backs when the invasion took place almost 3 years ago.

Eventually, the United States will rehabilitate South Korea. That would be in keeping with our traditions and the spirit of our people toward an ally to say nothing of the destruction occasioned by our own troop movements.

Why not help ourselves by helping the South Koreans now, using some of the fiber and food products which the Commodity Credit Corporation is buying, thereby translating these growing stocks into strength at the front and providing the local currency funds that can be used in Korean rehabilitation later on?

Using food to win the war and build the peace beats putting bluing on potatoes or burning wheat or killing pigs.
Respectfully submitted.

FRANCIS CASE,
United States Senator, South Dakota.

DEPARTMENT OF AGRICULTURE,
Washington, D. C., April 2, 1953.

Hon. FRANCIS CASE,
United States Senate.

DEAR SENATOR CASE: This will acknowledge receipt of your letter of March 13, 1953, enclosing a copy of your bill, S. 1230.

We have received a request for a report on this bill from the chairman of the Senate Committee on Agriculture and Forestry. We are giving careful study to the bill as it would affect the programs and responsibilities of this Department and are discussing it with the other departments concerned with United States programs in South Korea.

We will complete our report and transmit it to the committee as promptly as possible.
Sincerely yours,

TRUE D. MORSE,
Acting Secretary.

UNITED STATES DEPARTMENT
OF AGRICULTURE,
COMMODITY CREDIT CORPORATION,
Washington, D. C., May 7, 1953.

Hon. FRANCIS CASE,
United States Senate.

DEAR SENATOR CASE: I appreciate your thoughtfulness in sending me your letter of April 24, 1953, and the attachments relative to your bill, S. 1230, to authorize the sale of food and fiber to South Korea for Korean currency.

This is a very important matter and one to which we are giving serious consideration and study. We understand other segments of the executive branch of the Government are working on this subject and we hope a satisfactory decision can be reached at an early date.

We are pleased to know of your interest in our programs and value your advice and recommendations.

Sincerely yours,

JOHN H. DAVIS,
President.

KOREAN PACIFIC PRESS,
Washington, D. C., March 17, 1953.
Hon. Senator FRANCIS CASE,
United States Senate Office Building,
Washington, D. C.

DEAR SENATOR CASE: Your secretary was kind enough to send me copies of your correspondence to Secretary Benson and of Senate bill 1230, which relate to the use of fiber and food products for Korean rehabilitation.

I have read your letter to Secretary Benson and the bill with high interest and warm enthusiasm. You are most correct in stating "Why not help ourselves by helping the South Koreans?" The need in South Korea, as you have eloquently pointed out, is tremendous, and we can accomplish two goals with your suggested program.

I am taking the liberty of forwarding directly to President Syngman Rhee copies of your correspondence and the bill. I know that he will appreciate most deeply your good thoughts and splendid efforts.

If there is any information or any assistance whatsoever that this office can furnish you to support you on this matter, we will be delighted to serve. I stand ready at any time, personally, to help you in any way possible.

Thanking you, I am,
Sincerely yours,

S. M. VINOCOUR,
Manager.

SOUTH DAKOTA FARMERS UNION,

Huron, S. Dak., March 21, 1953.

The Honorable FRANCIS CASE,
United States Senator,
Senate Office Building,
Washington, D. C.

DEAR SENATOR: Received your letter of recent date with your letter to Mr. Benson, Secretary of Agriculture, and your proposed Senate Bill No. 1230. We believe that your proposed legislation is sound, not only in the dealing with our surplus farm commodities, but the humanitarian thinking in alleviating hunger and malnutrition for our allies, particularly South Korea. I assure you, Senator, that the South Dakota Farmers Union will assist you in every way to get this legislation approved in the Congress.

Yours sincerely,

PAUL W. OPSAHL,
President.

SOUTH DAKOTA STATE GRANGE,
Rapid City, S. Dak., March 20, 1953.

Hon. FRANCIS CASE,
Washington, D. C.

DEAR MR. CASE: I am very much impressed with your plan to use the surplus food and fibre, now in the hands of the Government under the farm program, to feed and clothe the South Koreans.

Your plan is very humanitarian and is also being proposed on a very businesslike basis. I am for it and hope that you can get early support for the plan.

I feel very much encouraged over stands taken by the new administration and I am especially pleased with the definite stand taken towards England on the China situation. We feel that as time goes on we will see the situation improved.

Respectfully yours,

ALNER G. SNESRUD.

The VICE PRESIDENT. The bill is open to further amendment.

Mr. LONG. Mr. President, on behalf of myself and the Senator from Idaho [Mr. WELKER], I move that Senate bill 2128 be recommitted to the Committee on Foreign Relations, with instructions to report it back to the Senate not later than July 15, 1953, with an amendment limiting the total amount of the authorizations contained in the bill to \$3,318,732,500. This is a motion to recommit with instructions for the committee to cut by \$2 billion the total authorizations provided in the bill.

I notice that some economy was achieved on the House side, and that the House report indicates that a reduction of more than \$400 million was made on that side. Very little reduction has been made on this side.

At one time I had the privilege of sitting on a committee which was looking over one of these bills. The best I can determine regarding these matters, based on that experience and also on my several years of service in the Senate, is that there is simply no sufficiently detailed information available to assist one in determining how much money should be spent on these matters. The justifications are vague and very loose, and there are very few criteria to assist one in determining how much these items should be reduced or exactly how much should be added.

It seems to me that the guiding principle which has been followed in the preparation of this bill is how much money the Agency thinks it can get.

It is interesting to note from page 6 of the report that we have spent on these foreign-aid programs, since 1946, \$41 billion. On the same page of the report we find the following statement:

This sum includes neither loans made during this period nor moneys appropriated but unspent. These unexpended balances amounted to an estimated \$12 billion as of March 31, 1953.

Mr. President, the junior Senator from Louisiana is not one of those who are anxious to postpone the date when the people of this Nation can have the tax reduction they hope for and expect. The Senator from Louisiana knows that the House is very reluctant to override the chairman of the Ways and Means Committee of the House to extend expiring taxes. Of all the money that we are spending for defense the expenditures which are least certain to contribute anything to our salvation are those provided for in this bill.

This bill authorizes another \$5.3 billion in foreign aid. It has been stated that the expense of maintaining our troops in Europe calls for another \$6.8 billion. In those items there is no assurance that any of that money will be used to assist in our own defense. In the event we have to fight a war there is no assurance that any of those companies will be fighting beside us. We have various unrelated commitments of allies in various situations, but it is entirely possible that we might be forced into war under such conditions that none of the countries aided in this bill would come to our aid. We can wisely make this reduction with more safety than we can reduce funds we will find in the military appropriations. I believe, if we are to have any hope of balancing the budget some day, we will have to muster the courage to cut down the foreign-aid program. So far as the junior Senator from Louisiana is concerned, I believe that now would be a good time to do it. Therefore, I hope the amendment will be agreed to.

Mr. President, I ask for the yeas and nays on the motion to reduce the appropriation by \$2 billion.

The yeas and nays were ordered.

Mr. TAFT. Mr. President, I supported the bill in committee, and I intend to vote for it, with the understanding that I do not commit myself to any specific amount when the appropriations come before this body. It seems to me to be perfectly clear that the Appropriations Committee is in a far better position to determine what cuts can be made. This is largely a military-aid program. It is closely integrated with our own military program, so that the Appropriations Committee can consider both. In certain cases it may be cheaper for us in the long run to arm our allies than to provide additional American troops that might be necessary. It seems to me that the Appropriations Committee should consider the matter in detail. The committee can go over the various programs which are presented and can judge as to those programs. The only effect of recommitting the bill until July 15 would be to delay the Appropriations Committee.

That committee cannot proceed until the authorization law is passed.

I feel very strongly that the question of the amount of this program is one that ought to be determined in connection with the appropriation bill, and therefore I intend to vote as I have voted heretofore for such bills, for this authorization, without the slightest commitment on my part. I do not think the Senate ought to consider that there is any commitment to appropriate the full sum authorized by this bill.

It seems to me it would only delay matters, and certainly I think the amendment of the Senator from Louisiana should be voted down, and that we should pass the bill. We should then seriously consider in connection with the appropriation bill the question of where savings can properly be made.

Mr. FERGUSON. Mr. President, I share the views of the distinguished Senator from Ohio. I believe that in the committee it was the understanding when this sum was placed in the bill that the Appropriations Committee would have to consider it very seriously in connection with other money being appropriated for the defense of America and of the free world.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. MAYBANK. I want to say for the RECORD that the distinguished Senator from Michigan and myself, in the Appropriations Committee last year, voted to reduce, on three different occasions, the amount called for in the authorization bill which was sent to the Appropriations Committee.

Mr. FERGUSON. That is correct.

Mr. MAYBANK. That was done together with the chairman of the committee at that time, Senator McKellar. I am reserving the same right, as I said last night on the floor, to reduce the authorization in the Appropriations Committee when it comes before the committee and when the hearings are held. I happened to be on the subcommittee with the Senator from Michigan last year. We met for several days. We finally reduced the amount, but not so much as I had hoped to reduce it. I may say that I would be embarrassed if I were called upon to vote for a \$2 billion reduction, or to vote to recommit the bill, with the requirement of a report by July 15, without one word of testimony having been taken. The distinguished chairman of the committee, the Senator from New Hampshire [Mr. BRIDGES], has told me that he intends to start hearings immediately after the Fourth of July, possibly on the 6th or 7th.

Mr. FERGUSON. I think that is correct.

Mr. MAYBANK. As a member of the committee, I should at least have the benefit of hearing what the witnesses have to say with respect to the use of the pruning knife, or whatever it might be called, on such amounts as are included here. There is authorized by the previous bill, for example, one item of \$11,400,000,000 that is carried over. It may be necessary to cut the amount by \$1 billion, perhaps \$2 billion, or possibly

more. I merely wanted to have the record clear. I thank the Senator.

Mr. FERGUSON. Mr. President, this is a matter which must be considered by the Appropriations Committee, because of the items in the defense appropriations bill. Many of the items in that bill are acquired through the same agency as the items in the pending bill. I have felt for a considerable time that this matter should be one to be considered by the military alone, not by a civilian agency, since it relates to the common defense, and should be treated as a part of the defense of America. In voting against the amendment and for the bill, I shall do so with the distinct understanding—and I know the Senator from New Hampshire, who is chairman of the Committee on Appropriations, feels the same way—that the bill will be considered on its merits in the committee. It is of a great importance.

Coming late, as it does, the appropriation is always considered by the whole committee rather than by a subcommittee. It is felt that the military items must be considered as military items, and that the other items must be considered as items of aid. No Senator should consider that when he votes today for this bill, he is voting for the amount specified in the bill. It is an authorization, it is a ceiling, and nothing more. I was under the impression that the report so stated, but I find that that is not in the report, and I felt that I should make the statement for the record.

Mr. SCHOEPEL. Mr. President, I have listened to the discussion about this being an authorization measure. Frankly, I want to say my position as the senior Senator from Kansas would be one of serious doubt, if I felt that the amount of money authorized by this bill would have to be appropriated. As I said earlier in the day, I think it is sound to expect that the Appropriations Committee, when these authorizations come before it, will go over them with a fine-toothed comb, and will cut out many of the expenditures which can justifiably be eliminated. I would not think of voting for this bill as an authorization of the whole amount, if I did not feel that that was the situation. I wanted to make by position crystal clear.

Mr. CASE. Mr. President, in view of the statements that have been made, I move that the motion of the Senator from Louisiana be laid on the table.

The VICE PRESIDENT. The question is on the motion of the Senator from South Dakota to lay the motion of the Senator from Louisiana on the table.

Mr. LONG. Mr. President, on behalf of the Senator from Idaho [Mr. WELKER] and myself, I withdraw the motion.

I now move that the bill be recommitting, and that it be reported back to the Senate not later than July 15, with an amendment reducing the amount to \$3,818,732,500.

The VICE PRESIDENT. The yeas and nays having been ordered on the motion of the Senator from Louisiana, the Senator may withdraw his motion only by unanimous consent. Is there

objection to the request of the Senator from Louisiana that he be permitted to withdraw his motion? The Chair hears none. Without objection, his motion is withdrawn.

Mr. LONG. Mr. President, on behalf of the Senator from Idaho [Mr. WELKER] and myself, I move that the pending bill be recommitted to the Committee on Foreign Relations, with instructions to report it back to the Senate not later than July 15, 1953, with an amendment, with the total amount of authorization to be contained in the bill being a sum of \$3,818,732,500. That would be a reduction of \$1.5 billion.

Mr. President, I wish to say that if the bill is reduced in the fashion the junior Senator from Louisiana is recommending, we shall have the benefit of the administration's advice as to where the cut should be made; but if we do not reduce the bill on this floor, it will be an invitation and a request that the administration justify every dollar asked for in the measure. Last year I was successful as a member of the Armed Services Committee in advocating reductions of authorized expenditures for air bases by approximately 25 percent. We had to do it without one bit of help, without one bit of advice from those responsible for the program, although we were successful in borrowing a few civilian engineers from the military who were willing to be helpful in giving us some idea as to when they thought we were sound in our views and when they thought we were unsound. If my motion carries, the administration will have to advise where the cuts should be taken instead of requiring the Appropriations Committee to make reductions blindly.

Every time a reduction is made someone will want to put the entire amount back. The military authorities always try to justify the expenditure of every nickel. Every time a Senator tries to reduce the amount requested, someone will stand up and say, "Are you going to listen to a five-star general who is a professional expert in the field or to a United States Senator who has little, if any military experience?"

Mr. President, if we do what I am asking we shall have the benefit of a five-star general saying, "Here is where you should make the cut." We shall be better advised on how to reduce expenditures if we require the administration, from General Eisenhower, our President, on down the line, to give us their advice as to where reductions should be made, rather than asking them to justify an expenditure of \$5,300,000,000. If we want to reduce it we shall have a great deal better advice when we reduce it if the Senate votes for my motion than if witnesses are called to try to justify every nickel involved.

Mr. McCLELLAN. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. I yield.

Mr. McCLELLAN. Does the Senator know the amount of the deficit this year?

Mr. LONG. No, but I should like to be advised by the Senator from Arkansas.

Mr. McCLELLAN. It is in excess of \$9 billion. It is approximately \$9,380,000,000.

Mr. LONG. Mr. President, I am advised by the distinguished Senator from Arkansas that the deficit this year is more than \$9 billion. We hope to begin to balance the budget, and we are telling the American people that it is unfair for them to pay such high taxes, but if we are going to balance the budget we shall have to cut down on spending.

Mr. President, I ask for the yeas and nays on my motion.

The yeas and nays are ordered.

Mr. CASE. Mr. President, I move that the motion of the Senator from Louisiana [Mr. LONG] be laid on the table.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from South Dakota.

Mr. RUSSELL and other Senators asked for the yeas and nays.

The yeas and nays were ordered.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from South Dakota to lay on the table the motion of the Senator from Louisiana.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. SALTONSTALL. I announce that the Senator from Nebraska [Mr. BUTLER], the Senator from Pennsylvania [Mr. DUFF], and the Senator from Indiana [Mr. JENNER] are necessarily absent.

The Senator from Indiana [Mr. CAPEHART] and the Senator from New Hampshire [Mr. TOBEY] are absent by leave of the Senate.

The Senator from New York [Mr. IVES] is absent by leave of the Senate, having been appointed a delegate to attend the International Labor Organization Conference at Geneva, Switzerland.

Mr. CLEMENTS. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from West Virginia [Mr. KILGORE], and the Senator from Florida [Mr. SMATHERS] are absent on official business.

The Senator from Texas [Mr. DANIEL], the Senator from Arkansas [Mr. FULBRIGHT], and the Senator from Tennessee [Mr. KEFAUVER] are absent by leave of the Senate.

The Senator from Delaware [Mr. FREAR] is absent by leave of the Senate on official business.

I announce further that if present and voting, the Senator from Delaware [Mr. FREAR] would vote "nay."

The result was announced—yeas 48, nays 34, as follows:

YEAS—48

Aiken
Beall
Bennett
Bridges
Bush
Butler, Md.
Carlson
Case
Cooper
Cordon
Douglas
Ferguson
Flanders
Green
Grissold
Hayden

Hennings
Hickenlooper
Hoey
Holland
Humphrey
Jackson
Kennedy
Knowland
Kuchel
Lehman
Magnuson
Mansfield
Martin
Maybank
Millikin
Monroney

Mundt
Murray
Neely
Pastore
Payne
Potter
Purtell
Robertson
Saltonstall
Smith, Maine
Smith, N. J.
Taft
Thye
Watkins
Wiley
Young

NAYS—34

Anderson
Barrett
Bricker

Byrd
Clements
Dirksen

Dworshak
Eastland
Ellender

George
Gillette
Goldwater
Gore
Hendrickson
Hill
Hunt
Johnson, Colo.
Johnson, Tex.

Johnston, S. C.
Kerr
Langer
Long
Malone
McCarran
McCarthy
McClellan
Morse
Russell
Schöeppel
Sparkman
Stennis
Symington
Welker
Williams

NOT VOTING—13

Butler, Nebr.
Capehart
Chavez
Daniel
Duff

Frear
Fulbright
Ives
Jenner
Kefauver

Kilgore
Smathers
Tobey

So Mr. CASE's motion to lay on the table the motion of Mr. LONG was agreed to.

Mr. LONG. Mr. President, on behalf of the Senator from Idaho [Mr. WELKER] and myself, I move to recommit the bill to the Committee on Foreign Relations, with instructions to report back, not later than July 15, an amendment limiting the total amount to not more than \$4,318,733,500. This would be a reduction of \$1 billion, slightly less than 20 percent of the authorization.

Again I urge that if Senators wish to reduce the amount proposed by the bill, they would do well to have the advice of the military as to where reductions should be made, rather than to do without such advice, and to vote strictly upon their whims and caprices, without the best judgment they could have. If Senators want to reduce the amount contained in the bill, now is a good time to take such action.

Mr. President, I ask for the yeas and nays on this motion.

The yeas and nays were ordered.

Mr. HUNT. Mr. President, I wish to associate myself with the junior Senator from Louisiana in the motion to recommit. For 5 years I have been voting for huge sums of money in mutual security assistance bills, a definite statement being made each year that the following year the amount would be reduced, and that, in all probability, in 2 or 3 years the program would end.

Each succeeding year, as I have voted favorably upon the appropriations, I have hoped that we would reach an end to this giveaway, giveaway, giveaway. Now, with \$12 billion unexpended, and with a smaller amount as yet unauthorized, I appreciate this opportunity to let my constituents back home know that finally I have gotten around to voting for a reduction of expenditures.

The VICE PRESIDENT. The question is on agreeing to the motion of the junior Senator from Louisiana [Mr. LONG] to recommit the bill with instructions. The yeas and nays have been ordered, and the Secretary will call the roll.

The Chief Clerk called the roll.

Mr. SALTONSTALL. I announce that [Mr. DUFF], and the Senator from Indiana [Mr. DUFF] and the Senator from Indiana [Mr. JENNER] are necessarily absent.

The Senator from Indiana [Mr. CAPEHART] and the Senator from New Hampshire [Mr. TOBEY] are absent by leave of the Senate.

The Senator from New York [Mr. IVES] is absent by leave of the Senate, having been appointed a delegate to at-

tend the International Labor Organization conference at Geneva, Switzerland.

Mr. CLEMENTS. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from West Virginia [Mr. KILGORE], and the Senator from Florida [Mr. SMATHERS] are absent on official business.

The Senator from Texas [Mr. DANIEL], the Senator from Arkansas [Mr. FULBRIGHT], and the Senator from Tennessee [Mr. KEFAUVER] are absent by leave of the Senate.

The Senator from Delaware [Mr. FREAR] is absent on official committee business.

I announce further that on this vote the Senator from Delaware [Mr. FREAR] is paired with the Senator from Tennessee [Mr. KEFAUVER]. If present and voting, the Senator from Delaware would vote "yea," and the Senator from Tennessee would vote "nay."

I announce further that if present and voting, the Senator from Arkansas [Mr. FULBRIGHT] would vote "nay."

The result was announced—yeas 34, nays 48, as follows:

YEAS—34

Anderson	Hickenlooper	McClellan
Barrett	Hunt	Mundt
Bricker	Johnson, Colo.	Russell
Bridges	Johnston, S. C.	Schoeppel
Byrd	Kuchel	Smith, Maine
Case	Langer	Stennis
Dirksen	Long	Watkins
Dworshak	Malone	Welker
Ellender	Martin	Williams
Gillette	Maybank	Young
Goldwater	McCarran	
Griswold	McCarthy	

NAYS—48

Aiken	Hayden	Monroney
Beall	Hendrickson	Morse
Bennett	Hennings	Murray
Bush	Hill	Neely
Butler, Md.	Hoey	Pastore
Carlson	Holland	Payne
Clements	Humphrey	Potter
Cooper	Jackson	Purtell
Cordon	Johnson, Tex.	Robertson
Douglas	Kennedy	Saltonstall
Eastland	Kerr	Smith, N. J.
Ferguson	Knowland	Sparkman
Flanders	Lehman	Symington
George	Magnuson	Taft
Gore	Mansfield	Thye
Green	Millikin	Wiley

NOT VOTING—13

Butler, Nebr.	Frear	Kilgore
Capehart	Fulbright	Smathers
Chavez	Ives	Tobey
Daniel	Jenner	
Duff	Kefauver	

So Mr. LONG's motion was rejected.

Mr. LONG. Mr. President, on behalf of the Senator from Idaho [Mr. WELKER] and myself, I move to recommit the bill to the Committee on Foreign Relations with instructions to report the bill back with an amendment limiting the total amount of authorizations to \$4,998,000,000. I arrive at that figure because that is the figure the House allowed.

Some Senators say they want to cut the bill in the Appropriations Committee. Let us not kid ourselves. The House of Representatives will be the body to cut the appropriation. It will be the same old story. The House will cut the bill substantially and a fight will be made in the Senate to get the money back. The House has already cut this pending bill by almost \$500 million. The fight in conference will be to restore the higher figure. The same thing will happen in

the Committee on Appropriations. The appropriation bill must originate in the House of Representatives. The House will make a substantial reduction. When the bill reaches the Senate side, it will be referred to the Committee on Appropriations. The Committee on Appropriations will then go along with the judgment of the majority of the committee and they will be joined by members of the Committee on Foreign Relations. In resisting further reductions most of this group will support the Appropriations Committee, and it will be almost impossible to reduce the appropriation when it reaches the floor.

Why can we not go along with economy for a change? Why can we not go along with the House in effecting economies? That is what I am asking here.

I have mentioned the date of July 15. The committee could report the bill back sooner than that. Why must the Senate always be the body which tries to restore the cuts which the House endeavors to make?

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. ROBERTSON. If we are to accept the House figure, why move to recommit the bill at all? Why not reduce the amount to the House figure, so that we can vote it up or down?

Mr. LONG. It seems to me that it is possible that our committee might find some reductions which would be even more wise and prudent than those which the House committee made.

Mr. ROBERTSON. Some of us must serve on the Appropriations Committee. We would like to have the opportunity to hear the evidence on this subject before July 15. The Senator's first motion to recommit included a plan to delay action. If the Senator is interested only in economy, and he wishes to effect economies to the extent of a reduction to the House figure, why does he not amend his motion and let us vote on that specific issue, without compelling us to send the bill back to committee, thus delaying the entire program and perhaps keeping us here until September?

Mr. LONG. I have not prepared a motion in that form. I believe it would be wiser to ask the committee to make reductions where they can best be made. The committee would certainly have the benefit of advice in doing so.

Mr. President, on my motion, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. KNOWLAND obtained the floor.

Mr. LEHMAN. Mr. President—

The VICE PRESIDENT. The Senator from California has the floor.

Mr. KNOWLAND. Mr. President, I urge the Senate not to recommit the bill. We have had three motions to recommit tonight. The Committee on Foreign Affairs has gone into this subject. It held long hearings. I fully subscribe to the statement by the distinguished Senator from Michigan [Mr. FERGUSON] and the Senator from Ohio [Mr. TAFT], that this is not a mandatory authorization in any sense of the word. The committee itself made it very clear that the authorization figure is a ceiling.

Time after time the Congress passes authorization bills, in connection with rivers and harbors improvements, civil functions, Interior Department matters, military establishments, and other subjects with respect to which appropriations are not made at the time. This bill is in no sense mandatory upon the Congress. It is in no sense mandatory upon the Appropriations Committee.

I submit that if we are to complete the legislative program, we cannot be continually sending bills back to committee. The committee would finally report by the 15th of the month. As the Senator from Louisiana says, the committee might report earlier. The committee might or might not report earlier. We have already completed three days of debate on the bill. After the committee reported the bill back, we would reopen the entire debate. We would still be on the authorization bill. We would still have to act on the appropriation bill.

If Senators wish to spend the remainder of the year in Washington, I am willing to stay here with them, but I submit that no Senator is bound in the slightest by the authorization figure. It is a ceiling amount, and not a floor amount in any sense of the word.

In view of the fact that we have had several test votes on motions to recommit, I ask Members of the Senate to reject the pending motion, because I think they will then have more time to consider the appropriation bill and vote their convictions, so far as public policy is concerned, in connection with the appropriation bill.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield.

Mr. ROBERTSON. Let me say to the distinguished majority leader that the junior Senator from Virginia is hoping that when all the evidence is before us we can reduce the appropriation, in view of the carryover of \$12 billion in addition to what is now authorized in the bill.

I am absolutely unwilling to vote, as the distinguished Senator from California has said, to delay, to delay, to delay. I agree with him that we should oppose the motion, with the full understanding that not only those of us who are on the Committee on Appropriations but the entire membership of the Senate shall be perfectly free, when the appropriation bill comes before us, to cut it as much as we see fit.

Mr. WILEY. Mr. President, in the last 2 days I have not had too much to say, particularly because I have a cold in my head. When Senators say that we have not cut the bill, I want to cite some facts. The Truman budget request was for \$7,600,000,000. The administration requested \$1,762,000,000 less. The revised administration request was \$354 million less than that. The committee, after weeks and weeks and weeks of deliberation, cut the figure another \$156 million, making a total reduction from the Truman budget of \$2,282,000,000.

It has been said several times today that there has not been any reduction made. Those are the figures.

Mr. President, I have a short statement which I ask unanimous consent to have printed in the RECORD at this point, as a part of my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR WILEY

Before the Senate votes on final passage of this bill, I want to reemphasize briefly what is involved here.

First. The bill will make a vital contribution to the security of the United States and to the cause of world peace.

Second. The amounts have been carefully screened and greatly reduced. They have been judged by our experts to be essential to do the job which the defense of the free world requires.

Third. President Eisenhower himself has assured us that the funds authorized in this bill will buy more security for the United States per dollar than a similar amount spent on our own Armed Forces.

Fourth. The authorization is well within the capacity of the American economy to support. Administration leaders who are most anxious to reduce Federal expenditures—including the Secretary of the Treasury—have testified to that fact.

This is perhaps the most opportune moment of the last 3 years for bold and forthright action; but not only is such action opportune at this juncture in world affairs, it is imperative.

We have come up a long, hard road, Mr. President. We may be nearing the top, and it is always the last few feet which are the most difficult. But if the battle is hard for us, we can draw renewed strength from the knowledge that it is also hard for the enemy.

This is the time when a little extra effort can result in very great progress. But if we falter, we fall back and lose much of the progress which we have already made at such great cost.

Mr. President, the mutual security program is beginning to pay off. The Iron Curtain is beginning to come apart at the seams. We see tangible evidence in Berlin, in Czechoslovakia, and in other satellites. The Far East may be next. The Chinese people are not going to kowtow to Moscow forever.

We have got the Kremlin on the run. This is no time to ease the pressure. This is no time to lose the momentum we have built up over the past few years. This is the time to pour it on.

The irresistible power of freedom is at work in the world today, Mr. President. Although it is plain that the general trend of events is in our favor, no one can foresee the precise turn which events may take at any point. In the days ahead, the President of the United States may have to make decisions as momentous and as far-reaching as any which have ever been made by an American Chief Executive. It is no surrender or diminution of the constitutional prerogatives of the Congress to remind the Senate that these decisions may very well be of a kind which can be made only by the President. He can have—and I am sure he will have—the advice and counsel of his Cabinet, of his experts, and of the Congress. But when the advice is given, when the experts pack their briefcases and depart, the decisions remain to be made by the President. He is the constitutional head of our Government. He is the Commander in Chief of our Armed Forces. His is the responsibility which cannot be delegated—and it is a terrible responsibility, Mr. President, exercised at times in terrible loneliness.

It is at times such as this that we owe it, not only to the President but also to ourselves and to the country, to give him the fullest possible measure of support. We may

later, with the benefit of hindsight, debate the wisdom of what he has done. But from the leisurely vantage point of history, we can never feel the awful pressure which was upon him when he did it. And we cannot, in the heat of the moment, have all the facts which the President has.

And so, Mr. President, speaking as one individual Senator who deeply feels his constitutional responsibilities and who is deeply aware of the peril in which we live today, I take this opportunity to give public assurance to the President of the United States that, whatever difficulties may lie ahead for him and for us in this world, he will have my unwavering support. My heart and my prayers are with him.

As one measure of that support, I shall vote "aye" on the passage of this bill.

SEVERAL SENATORS. Vote! Vote! Vote!

Mr. WELKER. Mr. President, I offer an amendment, as follows:

SEC. 610. Notwithstanding the amounts authorized in the act, the aggregate of such amounts shall be reduced by \$1 billion.

Mr. President, that completely nullifies the argument we have heard made to the effect that we are engaging in dilatory tactics and that we want to delay the bill.

I want to say again, as I said last year, that we had better start giving the American taxpayer some consideration. I have repeated over and over again that I believe this is the way to economize. I am happy to join with the distinguished Senator from Louisiana.

By voting on my amendment we would have a direct vote on the matter, and we could not be accused of dilatory tactics. Senators who want to economize will have the opportunity to do so, and to have their names called when the vote is taken.

SEVERAL SENATORS. Vote! Vote! Vote!

Mr. MALONE. Mr. President, will the Senator yield?

Mr. WELKER. I yield.

Mr. MALONE. I should like to ask the distinguished Senator from Idaho if he agrees with the junior Senator from Nevada that the taxpayer is the forgotten man.

Mr. WELKER. I certainly agree 100 percent with the distinguished Senator from Nevada, that in this country the American taxpayer is the forgotten man.

The VICE PRESIDENT. The motion to recommit takes precedence over the amendment offered by the Senator from Idaho [Mr. WELKER]. The question is on agreeing to the motion to recommit.

Mr. WELKER. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Chair will inform the Senator from Idaho that the motion to recommit takes precedence over the amendment which the Senator from Idaho has offered.

Mr. WELKER. May I ask my distinguished colleague and coauthor, the Senator from Louisiana [Mr. LONG], to withdraw his motion to recommit?

Mr. LONG. The yeas and nays have been ordered. I would withdraw my motion with the understanding that I would offer my motion again after a vote is had on the Senator's amendment. If I am given unanimous consent to do so, I will withdraw the motion.

Mr. KNOWLAND. I object.

The VICE PRESIDENT. Objection is heard. The question is on agreeing to the motion of the Senator from Louisiana [Mr. LONG] to recommit the bill.

SEVERAL SENATORS. Vote! Vote! Vote!

Mr. CASE. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. CASE. Would a motion to amend the motion to recommit be in order?

The VICE PRESIDENT. The Senator could move to amend the instructions.

Mr. CASE. Could the Senator from Idaho offer an amendment to amend the instructions by changing the date?

The VICE PRESIDENT. The Senator from Idaho could do so.

Mr. WELKER. I do not wish to do that, because I want to get away from the accusation that we are indulging in dilatory tactics. I want to follow a fair and honest course toward a vote on whether or not we in the Senate want to economize.

Mr. CASE. My suggestion was that the motion could be amended by changing the date. It would not have to be July 15. It could be July 10, for example. The motion could be amended to instruct the committee to report back at an earlier date. It could be July 10, for example.

Mr. LEHMAN. Mr. President, I have heard a great deal of glib talk about economy. I am in favor of economy as much as is anyone, any other Senator. But it is not economy to cut appropriations, certainly not appropriations for defense. That is what is proposed to be done today. I do not like taxes any more than does anyone else. I wish they could be cut. I wish the budget could be reduced so that it could be brought into line with revenue. At the same time I am not willing to sacrifice the security of our Nation to the principle of balancing the budget or cutting taxes. That is what is proposed to be done today.

As the Senator from Wisconsin, the distinguished chairman of the Committee on Foreign Relations, has stated, the original recommendation of President Truman, when he submitted his budget, was for \$7,600,000,000. It was reduced by President Eisenhower to approximately \$5,600,000,000, and it was reduced by the committee by \$300 million more. So that there has been already proposed a reduction of \$2 billion. We simply cannot take the chance of cutting it more than that.

Mr. WILEY. It has been reduced by \$2,282,000,000.

Mr. LEHMAN. A reduction has already been made of \$2,282,000,000.

SEVERAL SENATORS. Vote! Vote! Vote!

Mr. LEHMAN. It is proposed to cut these very necessary appropriations, which would help to strengthen our allies at a time when we need allies, and when we cannot afford to go it alone.

The senior Senator from Georgia [Mr. GEORGE] said that if ever the Iron Curtain dropped at the Atlantic shore it would be tragic. Of course, it would be tragic. However, unless we encourage our allies abroad, in Europe, and in other areas of the world, to do their part—

and they are not able to do it all by themselves—we will find ourselves without any allies and we will find ourselves alone. Though such a course has been proposed by some persons, it would be the greatest calamity that could possibly occur in the history of our Nation.

So I very much hope that neither the proposal of the distinguished Senator from Louisiana nor the proposal of the distinguished Senator from Idaho will prevail.

I do not think what they propose is economy at all. It is quite the opposite. I think it is extravagance. I believe anything that jeopardizes the safety and the security of our country and the safety and the security of the free world is extravagance, not economy.

Of course it is very easy to talk about economy and about making cuts. All of us would like to do it. However, I beg Senators not to make cuts in appropriations or authorizations which will jeopardize the security of our country and the security of the free world, which of course are completely intertwined. That is what would happen if we further cut the authorizations in the bill.

I feel very sad that we have not authorized a larger amount for mutual security, just as I feel very sad to think that the appropriations for the Air Force are proposed to be cut. I do not believe we can afford to do it. I think we are in a very critical state. I think we are fighting for survival. Some people say they want to fight communism, but they are not fighting communism in the place where it should be fought, and that is abroad. I believe that anything which will weaken our ability to fight the threat of communism, the threat of aggression, whether against the United States or against other parts of the free world, is a very great threat to the peace of the world.

I very much hope the motion of the Senator from Louisiana will be rejected.

Mr. LONG. Mr. President, I modify my motion by changing the date to 4 p. m., July 2. I do this in order to meet any objection on the basis of delay. The motion as thus modified will expedite the taking of action on the bill, because the total authorizations voted by the Senate and the total authorizations voted by the House will be identical, and the only point of difference will be whether individual items should be slightly greater or slightly less.

So the result of agreeing to my motion, as modified, would be that, actually, faster action would be taken; and I submit that by agreeing to the motion, we would be assuring that we would be voting to achieve the same kind of economy the House of Representatives voted to achieve when it passed House bill 5710 and sent it to the Senate.

The VICE PRESIDENT. Since the yeas and nays have been ordered on the motion, the time has passed when the Senator who made the motion can modify it. However, the Senator from Louisiana can move that the motion be amended, and the Chair puts that question at this time:

The question is on agreeing to the motion of the Senator from Louisiana to amend his motion in the way stated.

The motion to amend the motion to recommit was agreed to.

The VICE PRESIDENT. The question now is on agreeing to the motion, as amended, of the Senator from Louisiana, on behalf of himself and the Senator from Idaho, to recommit the bill, with instructions.

On this question the yeas and nays have been ordered, and the Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. DIRKSEN (when his name was called). The majority leader, the Senator from Ohio [Mr. TAFT], has been compelled to leave the Chamber. I have a pair with him. If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." Under the circumstances, I withhold my vote.

The call of the roll was resumed and concluded.

Mr. SALTONSTALL. I announce that the Senator from Maryland [Mr. BUTLER], the Senator from Nebraska [Mr. BUTLER], the Senator from Pennsylvania [Mr. DUFF], the Senator from Indiana [Mr. JENNER], and the Senator from Ohio [Mr. TAFT] are necessarily absent.

The Senator from Indiana [Mr. CAPEHART], the Senator from New Hampshire [Mr. TOBEY], and the Senator from New York [Mr. IVES] are absent by leave of the Senate; the Senator from New York having been appointed a delegate to attend the International Labor Organization Conference at Geneva, Switzerland.

Mr. CLEMENTS. I announce that the Senator from New Mexico [Mr. CHAVEZ] and the Senator from Florida [Mr. SMATHERS] are absent on official business.

The Senator from Texas [Mr. DANIEL], the Senator from Arkansas [Mr. FULBRIGHT], and the Senator from Tennessee [Mr. KEFAUVER] are absent by leave of the Senate.

The Senator from Delaware [Mr. FREAR] is absent by leave of the Senate on official committee business.

The Senator from Delaware [Mr. FREAR] is paired on this vote with the Senator from Tennessee [Mr. KEFAUVER]. If present and voting, the Senator from Delaware would vote "yea," and the Senator from Tennessee would vote "nay."

I announce further that if present and voting, the Senator from Arkansas [Mr. FULBRIGHT] would vote "nay."

The result was announced—yeas 38, nays 42, as follows:

YEAS—38

Anderson	Hickenlooper	McClellan
Barrett	Hunt	Mundt
Bricker	Johnson, Colo.	Potter
Bridges	Johnston, S. C.	Robertson
Byrd	Kennedy	Russell
Case	Kuchel	Schoeppel
Douglas	Langer	Smith, Maine
Dworshak	Long	Stennis
Ellender	Malone	Watkins
Goldwater	Martin	Welker
Gore	Maybank	Williams
Griswold	McCarran	Young
Hendrickson	McCarthy	

NAYS—42

Aiken	Clements	Flanders
Beall	Cooper	George
Bennett	Cordon	Gillette
Bush	Eastland	Green
Carlson	Ferguson	Hayden

Hennings	Knowland	Pastore
Hill	Lehman	Payne
Hoey	Magnuson	Purtell
Holland	Mansfield	Saltonstall
Humphrey	Millikin	Smith, N. J.
Jackson	Monroney	Sparkman
Johnson, Tex.	Morse	Symington
Kerr	Murray	Thye
Kilgore	Neely	Wiley

NOT VOTING—15

Butler, Md.	Dirksen	Jenner
Butler, Nebr.	Duff	Kefauver
Capehart	Frear	Smathers
Chavez	Fulbright	Taft
Daniel	Ives	Tobey

So the motion to recommit, as amended, was rejected.

The VICE PRESIDENT. The bill is open to further amendment.

If there be no further amendment to be proposed, the Chair calls attention to House bill 5710, on the same subject, which is on the calendar.

Mr. WILEY. Mr. President, I move that the Senate now proceed to the consideration of House bill 5710, to amend further the Mutual Security Act of 1951, as amended, as for other purposes; that all after the enacting clause of the bill be stricken out, and that there be substituted therefor the text of Senate bill 2128, as amended.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Wisconsin.

The motion was agreed to.

The VICE PRESIDENT. The question now is on the engrossment of the amendment and third reading of the House bill.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

The VICE PRESIDENT. The bill having been read the third time, the question is, shall it pass? [Putting the question.]

The bill (H. R. 5710) was passed.

Mr. WILEY. Mr. President, I move that the Senate insist on its amendment, request a conference with the House thereon, and that the Chair appoint conferees on the part of the Senate.

The motion was agreed to, and the Vice President appointed Mr. WILEY, Mr. SMITH of New Jersey, Mr. HICKENLOOPER, Mr. KNOWLAND, Mr. GEORGE, Mr. GREEN, and Mr. SPARKMAN conferees on the part of the Senate.

The VICE PRESIDENT. Without objection, Senate bill 2128 is indefinitely postponed.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the bill be printed showing the amendment of the Senate.

The VICE PRESIDENT. Without objection, it is so ordered.

EXTENSION OF TRADE AGREEMENTS

Mr. KNOWLAND. Mr. President, I move that the Senate proceed to the consideration of House bill 5495, Calendar No. 474.

The VICE PRESIDENT. The clerk will state the bill by its title.

The LEGISLATIVE CLERK. The bill (H. R. 5495) to extend the authority of the President to enter into trade agreements

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 2, 1953
For actions of July 1, 1953
83rd-1st, No. 121

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HIGHLIGHTS: Senate passed foreign aid bill. Senate debated trade agreements bill. Sen. Aiken and Rep. Hope introduced, and Sen. Aiken discussed, emergency-loans bill for farmers and stockmen.

SENATE

- FOREIGN AID.** Passed with amendments H. R. 5710, to extend the Mutual Security Act (pp. 7995-8015, 8017-28). Senate conferees were appointed (p. 8028).
Agreed to the following amendments:
 - By Sen. Thye, stating U. S. policy to encourage foreign free enterprise and labor unions and to discourage cartels (pp. 7996-8).
 - By Sen. Mansfield, providing that the mutual security program shall end June 30, 1955 (instead of 1956) and that appropriated funds, if obligated by that date, may remain available for 1 year thereafter (instead of 3 years thereafter) (pp. 7998-8000).
 - By Sen. McClellan, modified, by a 49-35 vote, providing that the President shall make available certain amounts for military assistance to eligible countries through currency conversion agreements involving purchase of U. S. agricultural commodities (pp. 8001-10, 8021-3).
 - By Sen. Saltonstall, providing that funds for mutual defense, if obligated before June 30, 1955, may remain available for 2 years thereafter (p. 8021).

Rejected, 34-48, moves by Sen. Long to cut the authorization by \$2 billion, and also rejected, 38-42, an attempt by Sen. Long to reduce the amount to the House figure (pp. 8023-8).
- TRADE AGREEMENTS.** Began debate on H. R. 5495, to extend the reciprocal trade agreements program (pp. 8028-31).
- DISASTER RELIEF.** The Public Works Committee reported with amendments S. 2199, to allow State and local governments during major disasters to use or distribute certain surplus equipment and supplies of the Federal Government (S. Rept. 489) (p. 7980).

4. LAND TRANSFERS. The Agriculture and Forestry Committee reported without amendment S. 1400, to permit the Department to release the reversionary rights of the U. S. to a tract of rural-rehabilitation land in Wake County, N. C. (S. Rept. 490), and S. 2163, to authorize conveyance to N. C. of certain lands and improvements constituting the U. S. cotton field station at Statesville, N. C. (S. Rept. 491) (p. 7981).
5. WHEAT IMPORTS. The Agriculture and Forestry Committee reported without amendment S. Res. 127, to direct the Committee to investigate importation of wheat classified as unfit for human consumption and to report to the Senate by Jan. 31, 1954 (S. Rept. 492) (p. 7981). Referred to Rules and Administration Committee.
6. PERSONNEL. Sen. Carlson inserted a table showing countries in which alien U. S. employees are under the Civil Service Retirement Act (pp. 8020-1).
7. APPROPRIATIONS. In reporting the Labor-HEW appropriation bill for 1954 (see Digest 119), the Appropriations Committee concurred in the House figure of \$1,250,000 (\$350,000 under the revised estimate) for the Mexican farm labor program. It also concurred in the House action providing \$18,673,261, the original estimate, for vocational education. The Committee recommended a limitation on such education in the distributive occupations, and the committee report said this would prevent funds from being diverted from agriculture, home economics, etc.
8. SOCIAL SECURITY. Sen. Morse inserted an Oreg. Grange resolution favoring extension of the Social Security Act to farmers (p. 7980).
9. FARM PROGRAM. Sen. Langer stated that N. Dak. farmers are discouraged at the drop in farm prices and inserted a constituent's letter favoring wheat acreage allotments instead of quotas and requesting 100% of parity (p. 7995).

HOUSE

10. EXTENSION SERVICE. A Judiciary subcommittee voted to report to the full Committee H. J. Res. 161, to authorize the President to designate 1953 as the 50th Anniversary Year of Farm Demonstration Work (p. D645).
11. APPROPRIATIONS. Began debate on H. R. 5969, the defense appropriation bill for 1954 (pp. 8036-88).
12. EDUCATION. The "Daily Digest" states the Education and Labor Committee "approve a clean bill for reporting...which would amend and extend Public Law 815 (81st Congress) relative to school construction in areas affected by Federal activities" (p. D645).
13. PERSONNEL. The Government Operations Committee submitted part 2 of its report on H. R. 5228, to provide retirement annuities for Comptroller Generals (p. 8092).

BILLS INTRODUCED

14. SOCIAL SECURITY. S. 2260, by Sen. Lehman (for himself and others), to amend the Social Security Act, including its extension to farmers; to Finance Committee (p. 7981). Remarks of author and text of bill (pp. 7981-90).
15. DROUGHT LOANS. S. 2267, by Sen. Aiken (for himself and others), to provide for additional emergency assistance to farmers and stockmen; to Agriculture and

83D CONGRESS
1ST SESSION

H. R. 5710

IN THE SENATE OF THE UNITED STATES

JULY 1 (legislative day, JUNE 27), 1953

Ordered to be printed with the amendment of the Senate

AN ACT

To amend further the Mutual Security Act of 1951, as amended,
and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Mutual Security Act
4 of 1953".

5 CHAPTER I—MILITARY ASSISTANCE

6 SEC. 101. AUTHORIZATION OF APPROPRIATION.—

7 The Mutual Security Act of 1951, as amended, is amended by
8 adding at the end thereof the following new section:

9 "AUTHORIZATION OF APPROPRIATIONS

10 "SEC. 540. There is hereby authorized to be appro-
11 priated to the President for the fiscal year 1954 not to

1 exceed \$2,079,689,870 to be available under section 101
 2 ~~(a) (1) (relating to military assistance for Europe)~~, of
 3 which not less than 50 per centum shall be made available
 4 only for the organization referred to in clause ~~(C)~~ of section
 5 ~~2 (b)~~; \$305,212,637 to be available under section 201 ~~(re-~~
 6 ~~lating to military assistance for the Near East and Africa)~~;
 7 \$1,081,620,493 to be available under section 301 ~~(relating~~
 8 ~~to military and other assistance for Asia and the Pacific)~~;
 9 and \$15,000,000 to be available under section 401 ~~(relating~~
 10 ~~to military assistance for Latin America).~~"

11 CHAPTER II—MUTUAL DEFENSE FINANCING

12 SEC. 201. AUTHORIZATION OF APPROPRIATIONS.—
 13 ~~(a)~~ The Mutual Security Act of 1951, as amended, is
 14 amended by adding after section 540 the following new
 15 section:

16 "SEC. 541. There is hereby authorized to be appro-
 17 priated to the President for the fiscal year 1954 not to
 18 exceed \$200,000,000 to carry out the provisions of section
 19 ~~101 (a) (2) (relating to defense support and economic~~
 20 ~~assistance for Europe)~~, and not to exceed \$84,000,000 to
 21 carry out the provisions of section ~~302 (a) (relating to~~
 22 ~~defense support, economic and technical assistance)~~ for the
 23 National Government of the Republic of China and the
 24 Associated States of Cambodia, Laos, and Vietnam."

1 (b) Such Act, as amended, is further amended by in-
2 serting after section 101 the following new section:

3 “SEC. 102. There is hereby authorized to be appro-
4 priated to the President for the fiscal year 1954, to be
5 made available on such terms and conditions (including
6 transfer of funds) as he may specify, (1) not to exceed
7 \$100,000,000 for manufacture in France of artillery, am-
8 munition, and semiautomatic weapons required by French
9 forces for the defense of the North Atlantic area, and (2)
10 not to exceed \$100,000,000 for manufacture in the United
11 Kingdom of military aircraft required by United Kingdom
12 forces for the defense of the North Atlantic area.”

13 (c) Such Act, as amended, is further amended by in-
14 serting after section 303 the following new section:

15 “SEC. 304. There is hereby authorized to be appro-
16 priated to the President for the fiscal year 1954, to be
17 made available on such terms and conditions (including
18 transfer of funds) as he may specify, not to exceed \$400,-
19 000,000 for the procurement of equipment, materials, and
20 services (as defined in section 411 of the Mutual Defense
21 Assistance Act of 1949, as amended) which are required
22 by and are made available to, or are necessary for the sup-
23 port of, the forces of the Associated States of Cambodia,
24 Laos, and Vietnam and the forces of France located in such

1 CHAPTER V—SPECIAL REGIONAL ECONOMIC ASSISTANCE

2 SEC. 501. NEAR EAST AND AFRICA.—Section 206
3 (relating to refugees) of the Mutual Security Act of 1951,
4 as amended, is amended to read as follows:

5 “SEC. 206. In order to further the purpose of this Act
6 in the Near East and Africa, there is hereby authorized to
7 be appropriated to the President for the fiscal year 1954
8 not to exceed \$194,000,000 to be used, on such terms and
9 conditions as he may specify, to furnish special economic
10 assistance designed to promote the economic development of
11 the area, for relief and rehabilitation of refugees in the area,
12 and for other types of economic assistance to assist in main-
13 taining economic and political stability in the area. The
14 applicable provisions of the Act for International Develop-
15 ment (64 Stat. 204; 22 U. S. C. 1557), except the pro-
16 visions relating to the purpose for which assistance may be
17 given, or of section 503 (b) (3) of this Act, shall apply to
18 the expenditure of funds pursuant to this section to the extent
19 that they are not inconsistent with the purposes of this
20 section.”

21 SEC. 502. INDIA AND PAKISTAN.—Section 302 (re-
22 lating to economic and technical assistance for Asia and the
23 Pacific) of the Mutual Security Act of 1951, as amended,
24 is amended by redesignating subsection (b) as subsection

1 ~~(c)~~, and by inserting after subsection ~~(a)~~ the following
 2 new subsection ~~(b)~~:

3 “~~(b)~~ In order to further the purpose of this Act in India
 4 and Pakistan, there is hereby authorized to be appropriated
 5 to the President for the fiscal year 1954 not to exceed \$94,
 6 400,000 to be used, on such terms and conditions as he may
 7 specify ~~(which shall include conditions and assurances to~~
 8 ~~enable the countries designated in this subsection to make~~
 9 ~~greater progress toward solving their mutual problems in~~
 10 ~~cooperation with each other)~~, to furnish special economic
 11 assistance designed to promote the economic development
 12 of such countries, and to assist in maintaining economic and
 13 political stability therein. The applicable provisions of the
 14 Act for International Development, except the provisions
 15 relating to the purpose for which assistance may be given,
 16 or of section 503 ~~(b)~~ ~~(3)~~ of this Act, shall apply to the
 17 expenditure of funds pursuant to this section to the extent
 18 that they are not inconsistent with the purposes of this
 19 section.”

20 CHAPTER VI—MULTILATERAL ORGANIZATIONS

21 SEC. 601. MOVEMENT OF MIGRANTS.—Section 534
 22 ~~(relating to the movement of migrants)~~ of the Mutual
 23 Security Act of 1951, as amended, is amended by adding at
 24 the end thereof the following new sentence: “There is hereby

1 authorized to be appropriated to the President not to exceed
 2 \$10,000,000 for contributions during the calendar year 1954
 3 to the Intergovernmental Committee for European Migra-
 4 tion."

5 SEC. 602. MULTILATERAL TECHNICAL COOPERA-
 6 TION.—The Mutual Security Act of 1951, as amended, is
 7 amended by adding after section 543 the following new
 8 section:

9 "SEC. 544. There are hereby authorized to be appro-
 10 priated to the President for the fiscal year 1954 not to exceed
 11 \$13,750,000 for multilateral technical cooperation under sec-
 12 tion 404 (b) of the Act for International Development."

13 SEC. 603. CHILDREN'S WELFARE.—The Mutual Security
 14 Act of 1951, as amended, is amended by adding after section
 15 544 the following new section:

16 "SEC. 545. There is hereby authorized to be appropriated
 17 to the President not to exceed \$9,000,000 for contributions
 18 during the calendar year 1954 for the support of interna-
 19 tional children's welfare work in such manner and on such
 20 terms and conditions as he may deem to be in the interests
 21 of the United States."

22 SEC. 604. OCEAN FREIGHT.—Section 535 (relating to
 23 the payment of ocean freight charges on relief shipments)
 24 of the Mutual Security Act of 1951, as amended, is amended

1 by adding at the end thereof the following new sentence:
 2 “There is hereby authorized to be appropriated to the Presi-
 3 dent for the fiscal year 1954 not to exceed \$825,000 for
 4 use in paying ocean freight charges under section 117 (c)
 5 of the Economic Cooperation Act of 1948, as amended.”

6 SEC. 605. UNITED NATIONS KOREAN RECONSTRUC-
 7 TION AGENCY.—Section 303 (a) (relating to Korean relief)
 8 of the Mutual Security Act of 1951, as amended, is amended
 9 as follows:

10 (a) Add at the end the following new sentence:
 11 “There is hereby authorized to be appropriated to the
 12 President for the fiscal year 1954 not to exceed \$71,000,000
 13 for making contributions to the United Nations Korean
 14 Reconstruction Agency.”

15 (b) In the third sentence, strike out “\$67,500,000”
 16 and insert in lieu thereof “\$40,750,000”.

17 CHAPTER VII—FURTHER CHANGES IN EXISTING
 18 MUTUAL SECURITY LEGISLATION

19 SEC. 701. PACIFIC PACT.—Section 2 (b) of the Mutual
 20 Security Act of 1951, as amended, is amended by adding
 21 at the end thereof the following new sentence: “The Con-
 22 gress favors the negotiation of a Pacific Pact, consistent with
 23 the provisions of the United Nations Charter, for the com-

1 men defense of the free peoples of the Far East, South Asia,
 2 and the Pacific Ocean area, and the participation therein of
 3 the United States."

4 SEC. 702. TRANSFERS OF FUNDS.—(a) Section 101
 5 (b) of the Mutual Security Act of 1951, as amended, is
 6 amended (1) by striking out "granted pursuant to" both
 7 times it appears therein and inserting in lieu thereof "made
 8 available under", and (2) by striking "this section" out of
 9 the first proviso and inserting in lieu thereof "section 546
 10 of this Act".

11 (b) Section 202 of such Act, as amended, is amended
 12 by striking out "pursuant to section 201" and inserting in
 13 lieu thereof "under section 201".

14 (c) The first sentence of section 513 (a) of such Act,
 15 as amended, is amended to read as follows: "Whenever the
 16 President determines it to be necessary for the purpose of
 17 this Act, funds made available under sections 101 (a) (1),
 18 201, 301, and 401 may be transferred among such sections
 19 except that not more than 10 per centum of the funds avail-
 20 able under any such section may be transferred from that
 21 section; and funds made available under sections 101 (a)
 22 (2), 203, 302 (a), and 402 may be transferred among
 23 such sections, except that not more than 10 per centum of
 24 the funds available under any such section may be transferred
 25 from that section. Funds so transferred shall be consoli-

1 dated with the funds available under the section to which
 2 they are transferred. The determination of amounts author-
 3 ized to be transferred under this subsection shall be made
 4 without reference to any balances of prior appropriations
 5 continued available pursuant to section 546 of this Act."

6 SEC. 703. UNEXPENDED BALANCES.—The Mutual
 7 Security Act of 1951, as amended, is amended by adding
 8 after section 545 the following new section:

9 "UNEXPENDED BALANCES

10 "SEC. 546. The unexpended balance under each para-
 11 graph of title III, Mutual Security, of the Supplemental
 12 Appropriation Act, 1953, is hereby authorized to be con-
 13 tinued available for its original purposes through June 30,
 14 1954, and may be consolidated with the appropriate fiscal
 15 year 1954 appropriation made for the same general purpose
 16 under the authority of this Act."

17 SEC. 704. ESCAPEES.—Paragraph 101 (a) (1) of title
 18 I (relating to Europe) of the Mutual Security Act of 1951, as
 19 amended, is amended (1) by deleting the word "similarly"
 20 before the word "determined", (2) by inserting "or any
 21 Communist-dominated or Communist-occupied areas of Asia"
 22 immediately after "Austria" and before "and any other
 23 countries absorbed by the Soviet Union", and (3) by strik-
 24 ing out "and to the security of the United States" and insert-
 25 ing in lieu thereof "or to the security of the United States".

1 SEC. 705. AUTHORITY FOR ASSISTANCE TO KOREA.—

2 The first sentence of section 302 (a) (relating to economic
3 aid and technical assistance) of the Mutual Security Act of
4 1951, as amended, is amended by striking out “(but not
5 including the Republic of Korea)”.

6 SEC. 706. Title V (relating to organization and general
7 provisions) of the Mutual Security Act of 1951, as amended,
8 is further amended as follows:

9 (a) PERSONNEL CEILING EXEMPTION FOR NEW MILI-
10 TARY ASSISTANCE PROGRAMS.—Amend section 504 (d)
11 (relating to reduction in personnel) to read as follows:

12 “(d) (1) Ninety days after the enactment of the Mutual
13 Security Act of 1952, the number of civilian employees who
14 are United States citizens, receiving compensation or allow-
15 ances from the administrative expense appropriations au-
16 thorized by this Act, employed in the United States and
17 overseas by or assigned to the Mutual Security Agency, or
18 employed by or assigned to the Department of State or the
19 Department of Defense for carrying out programs the
20 appropriations for which are authorized by this Act, and
21 the military personnel assigned to such programs, shall be
22 in the aggregate at least 5 per centum less than the number
23 so employed or assigned on June 1, 1952, except for such
24 personnel of the Department of Defense engaged in the

1 manufacturing, repair, rehabilitation, packing, handling, crat-
2 ing, or delivery of materiel.

3 “~~(2)~~ Ninety days after the enactment of the Mutual
4 Security Act of 1953, the number of civilian employees who
5 are United States citizens, receiving compensation or allow-
6 ances from the administrative expense appropriations author-
7 ized by this Act, employed in the United States and over-
8 seas by or assigned to the Director for Mutual Security or the
9 Mutual Security Agency or employed by or assigned to the
10 Department of State or the Department of Defense and other
11 participating agencies for carrying out programs the appro-
12 priations for which are authorized by this Act shall be in the
13 aggregate at least 10 per centum less than the number so
14 employed or assigned to comparable positions on January
15 31, 1953, except for such personnel of the Department of
16 Defense engaged in the manufacturing, repair, rehabilitation,
17 packing, handling, crating, or delivery of materiel.

18 “~~(3)~~ After the Director has determined the reduction
19 to be effected in each agency under paragraph ~~(3)~~, the
20 determination as to which individual employee shall be
21 retained shall be made by the head of the agency concerned.

22 “~~(4)~~ The Director for Mutual Security shall cause
23 studies to be made from time to time for the purpose of
24 determining whether further reductions in personnel are

1 feasible and consistent with the accomplishment of the pur-
2 poses of this Act.

3 ~~“(5)~~ After July 1, 1953, the following categories of
4 military personnel carrying out programs under the Mutual
5 Defense Assistance Act of 1949, as amended, shall be in
6 addition to the personnel ceiling established under paragraph
7 ~~(2)~~ of this subsection:

8 ~~“(A)~~ Military personnel carrying out such pro-
9 grams in the Associated States of Cambodia, Laos, and
10 Vietnam, over and above the number so engaged before
11 July 1, 1953,

12 ~~“(B)~~ Military personnel carrying out such pro-
13 grams for any countries in which no such programs were
14 in operation on July 1, 1953,

15 ~~“(C)~~ Military personnel carrying out such pro-
16 grams for international organizations and headquarters
17 established after July 1, 1953.”

18 ~~(b)~~ SPECIAL USE OF FUNDS.—Amend section 513 ~~(b)~~
19 ~~(relating to special use of funds)~~ to read as follows:

20 ~~“(b)~~ Not more than \$100,000,000 of the funds made
21 available under this Act, of which not more than \$20,000,000
22 may be allocated to any one country, may be used in any
23 fiscal year by the President, to be expended, without regard
24 to the requirements of this Act, or any other Act for which
25 funds are authorized by this Act, in furtherance of the pur-

1 poses of such Acts, when the President determines that such
 2 use is important to the security of the United States. The
 3 President shall notify the Committee on Foreign Relations of
 4 the Senate and the Committee on Foreign Affairs of the House
 5 of Representatives upon making any such determination."

6 ~~(c) REPEAL.—(1) Subsection (a) of section 516 is~~
 7 ~~repealed.~~

8 ~~(2) Amend subsection (b) of such section by striking~~
 9 ~~out the words "to accomplish the purpose of clause (1)~~
 10 ~~of subsection (a) of this section, under" and inserting in lieu~~
 11 ~~thereof the word "Under".~~

12 ~~(3) Section 115 (k) of the Economic Cooperation~~
 13 ~~Act of 1948, as amended, is repealed. Nothing in this~~
 14 ~~subsection shall be construed to prevent the carrying out~~
 15 ~~of any commitment or agreement entered into pursuant to~~
 16 ~~said section 115 (k) prior to the date of enactment of this~~
 17 ~~Act.~~

18 ~~(d) GUARANTIES.—Amend section 520 (relating to~~
 19 ~~investment guaranties) to read as follows:~~

20 ~~"GUARANTIES~~

21 ~~"SEC. 520. Funds realized from the sales of notes pur-~~
 22 ~~suant to section 111 (c) (2) of the Economic Cooperation~~
 23 ~~Act of 1948, as amended, shall be available for making~~
 24 ~~guaranties of investments in accordance with the applicable~~
 25 ~~provisions of sections 111 (b) (3) and 111 (c) (2) of~~

1 the Economic Cooperation Act of 1948, as amended, in any
 2 country with which the United States has agreed to institute
 3 the guaranty program, notwithstanding the provisions of
 4 section 511 of this Act."

5 (c) TERMINATION OF PROGRAM.—Amend section
 6 530 (relating to the expiration of the Mutual Security
 7 Program) by striking out "twelve months" and "twelve-
 8 month" wherever appearing therein, and by inserting in lieu
 9 thereof "twenty-four months" and "twenty-four month",
 10 respectively.

11 (f) UNDERDEVELOPED AREAS.—Add after section 546
 12 the following new section:

13 "UNDERDEVELOPED AREAS

14 "SEC. 547. Whenever funds are made available under
 15 this Act for assistance, other than military assistance, to any
 16 economically underdeveloped area, such funds may be used
 17 under the applicable provisions of section 503 (b) (3) or
 18 the applicable provisions of the Act for International De-
 19 velopment. Where administrative arrangements, including
 20 provisions relating to compensation and allowances of per-
 21 sonnel, authorized under section 503 (b) (3), differ from
 22 those authorized by the Act for International Development,
 23 the Director may make use of arrangements authorized under
 24 either statute, in carrying out such programs, except that
 25 before extending the provisions of section 109 (a) of the

1 Economic Cooperation Act of 1948, as amended, to countries
 2 in which programs authorized under the Act for Inter-
 3 national Development are being carried out, the Director
 4 will secure the approval of the Secretary of State."

5 ~~(g)~~ USE OF LOCAL CURRENCY.—

6 ~~(1)~~ Strike out the next to the last sentence of section
 7 521 (relating to administrative expenses).

8 ~~(2)~~ Add after section 547 the following new section:

9 "UNITED STATES USE OF FOREIGN CURRENCY

10 "SEC. 548. ~~(a)~~ The several amounts otherwise author-
 11 ized by this Act to be appropriated are authorized to be
 12 increased by amounts which shall not, in the aggregate,
 13 exceed \$98,396,000.

14 ~~"(b)~~ Amounts appropriated pursuant to any authoriza-
 15 tion contained in this Act are authorized to be made available
 16 for purchase of foreign currencies (including foreign cur-
 17 rencies or credits owed to or owned by the United States):
 18 *Provided*, That such currencies or credits are authorized to
 19 be made available for use, without reimbursement to the
 20 Treasury, for liquidation of obligations legally incurred
 21 against such currencies prior to July 1, 1953."

22 ~~(h)~~ NEAR EAST REFUGEES.—Add after section 548 the
 23 following new section:

24 "SEC. 549. ~~(a)~~ In order to contribute to the peace and

1 stability of the Near East in particular and of the world in
2 general, the Director for Mutual Security shall, in consulta-
3 tion with the Secretary of State, make a survey of the refugee
4 situation in the Near East and report the results of the survey
5 to the Congress within ninety days after the Mutual Security
6 Act of 1953 is enacted, together with recommendations for
7 seeking a solution. In the making of such report and recom-
8 mendations, especial consideration shall be given to a pro-
9 gram which would utilize the services and talents of these
10 refugees to develop and expand the resources of the area,
11 including its water resources.

12 “(b) In carrying out his duties under this section, the
13 Director for Mutual Security shall consult with the Com-
14 mittee on Foreign Relations of the Senate and the Com-
15 mittee on Foreign Affairs of the House of Representatives,
16 and shall keep these committees constantly and fully in-
17 formed of the action which he takes to carry out the pro-
18 visions of this section.”

19 SEC. 707. The Mutual Defense Assistance Act of 1949,
20 as amended (22 U. S. C. 1571-1604), is further amended
21 as follows:

22 (a) EXCESS EQUIPMENT.—Immediately before the
23 period in the next to last sentence of section 403 (d) (re-
24 lating to limitation on furnishing of excess equipment), insert

1 a comma and the following: "and after June 30, 1953, by
2 an additional \$200,000,000".

3 ~~(b) SALES OF MILITARY EQUIPMENT.~~ Amend section
4 408 ~~(c)~~ by adding at the end thereof the following new
5 paragraph:

6 "4) The provisions of section 530 ~~(a)~~ of the Mutual
7 Security Act of 1951 ~~(relating to expiration of program)~~
8 shall not apply in the case of the transfer, or procurement
9 for transfer, under this subsection, of parts, components, and
10 equipment required for the maintenance or repair of military
11 end items ~~(as referred to in section 506 (c) of the Mutual~~
12 ~~Security Act of 1951)~~ previously supplied under this Act or
13 the Mutual Security Act of 1951."

14 ~~(c) DEPENDABLE UNDERTAKING PROCEDURE.~~ Amend
15 the last sentence of section 408 ~~(c)~~ ~~(2)~~ ~~(relating to sales~~
16 ~~of military equipment)~~ by striking out "such nation" and by
17 inserting in lieu thereof "such nation, or international military
18 organization or headquarters,".

19 ~~(d) LOANS OF EQUIPMENT.~~ Amend section 411 ~~(d)~~
20 ~~(containing definitions)~~ to read as follows:

21 "4) The term 'services' shall include any service,
22 repair, training of personnel, or technical or other as-
23 sistance or information necessary to effectuate the pur-
24 poses of this Act, including loans of limited quantities of

"including" and use
 OF LOCAL CURRENCY.
 Government of

1 equipment for designated periods solely for test and
2 study purposes.”

3 SEC. 708. The remaining provisions of the Economic
4 Cooperation Act of 1948, as amended (22 U. S. C. 1503-
5 1519), are further amended as follows:

6 (a) TERM OF GUARANTIES.—Amend section 111 (b)
7 (3) (relating to guaranties) by striking out “which guaran-
8 ties shall terminate not later than fourteen years from the
9 date of enactment of this Act”, and by inserting in lieu
10 thereof “which guaranties shall be limited to terms not ex-
11 ceeding twenty years from the date of issuance”.

12 (b) GUARANTIES.—Amend section 111 (b) (3) (v)
13 (relating to guaranties) by inserting immediately after “par-
14 ticipating country” the following: “or by reason of war,
15 revolution, or civil disorder”.

16 (c) COUNTERPART LOANS.—Amend the last proviso
17 of section 115 (b) (6) (relating to counterpart funds)
18 by striking out “shall be redeposited in such special account”,
19 and by inserting in lieu thereof the following: “prior to ter-
20 mination of assistance to such country shall be reused only
21 for such purpose as may be agreed to between the
22 country and the United States”.

23 (d) USE.—Amend section 115
24 (h) by striking out “which shall be used only for such purpose as may be agreed to between the country and the United States” and inserting in lieu thereof

1 the following: "and, without regard to section 1415 of the
2 Supplemental Appropriations Act, 1953, for".

3 That this Act may be cited as the "Mutual Security Act
4 of 1953".

5 CHAPTER I—MUTUAL DEFENSE MATERIEL AND
6 TRAINING

7 SEC. 101. AUTHORIZATION OF APPROPRIATION.—

8 Amend the Mutual Security Act of 1951, as amended, by
9 adding the following new section:

10 "SEC. 540. (a) There is hereby authorized to be appro-
11 priated to the President for the fiscal year 1954 not to exceed
12 \$3,681,523,000 to carry out the provisions of sections 101
13 (a) (1) (relating to military assistance for Europe), 201
14 (relating to military assistance for the Near East and
15 Africa), 301 (relating to military and other assistance for
16 Asia and the Pacific), and 401, relating to military assist-
17 ance for Latin America) of this Act, of which \$2,179,689,-
18 870 is authorized to be appropriated under section 101 (a)
19 (1), \$405,212,637 is authorized to be appropriated under
20 section 201, \$1,081,620,493 is authorized to be appropriated
21 under section 301, and \$15,000,000 is authorized to be ap-
22 propriated under section 401: Provided, however, That the
23 President may in his discretion, withhold not to exceed

1 \$1,000,000,000 of the assistance authorized to be made avail-
 2 able for fiscal year 1954 under section 101 (a) (1) until
 3 such time as the treaty establishing the European Defense
 4 Community, referred to in clause (C) of section 2 (b), comes
 5 into effect.

6 “(b) Such amounts of the funds authorized to be appro-
 7 priated by subsection (a) of this section as may be speci-
 8 fied in the Act appropriating such funds shall be used by the
 9 President, under such rules and regulations as he may pre-
 10 scribe, to provide military assistance to countries eligible to
 11 receive such assistance under this Act through currency con-
 12 version agreements entered into in accordance with this
 13 subsection. The President is authorized to enter into an
 14 agreement with any such country which shall provide—

15 “(1) for the conversion into currency of the United
 16 States of such amounts of the currency of such country
 17 as may be specified in such agreement, and for the use
 18 of such United States currency for the purchase of
 19 agricultural commodities, livestock, meat and meat prod-
 20 ucts, produced in the United States which are deter-
 21 mined by the Secretary of Agriculture to be in surplus
 22 supply;

23 “(2) for the use of the currency of such country
 24 received by the United States under such agreement to
 25 procure military equipment, materials, and services in

1 *such country for the purpose of carrying out the provi-*
 2 *sions of this Act;*

3 “(3) *satisfactory assurance that an amount of*
 4 *dollar exchange, equivalent to the dollar exchange used*
 5 *by such country during the fiscal year beginning July 1,*
 6 *1952, for the importation from the United States of each*
 7 *commodity covered by the agreement, will be made*
 8 *available by such country during the fiscal year begin-*
 9 *ning July 1, 1953, from sources other than dollar ex-*
 10 *change made available under this section of the Act*
 11 *for the purchase of each such commodity; and*

12 “(4) *that the purchase of agricultural commodi-*
 13 *ties produced in the United States with dollar exchange*
 14 *provided under such agreement shall be conducted*
 15 *through private trade channels.”*

16 *CHAPTER II—MUTUAL DEFENSE FINANCING*

17 *SEC. 201. AUTHORIZATION OF APPROPRIATIONS.—*

18 *Amend the Mutual Security Act of 1951, as amended, by*
 19 *adding the following new sections:*

20 “*SEC. 541. There is hereby authorized to be appropriated*
 21 *to the President for the fiscal year 1954 not to exceed \$984,-*
 22 *000,000 to carry out the provisions of sections 101 (a) (2)*
 23 *(relating to defense support and economic assistance for*
 24 *Europe), 102 (relating to defense production financing for*
 25 *France and the United Kingdom), 302 (a) (relating to de-*

1 fense support, economic and technical assistance, including
2 the exploration and development of mineral and petroleum
3 resources) for the National Government of the Republic of
4 China and the Associated States of Cambodia, Laos, and
5 Vietnam, and 304 (relating to defense production financing)
6 of this Act.”

7 “SEC. 102. Of the funds authorized by section 541 of
8 this Act, the President may make available, on such terms
9 and conditions, including transfer of funds, as he may specify
10 (a) not to exceed \$100,000,000 for manufacture in France
11 of artillery, ammunition, and semiautomatic weapons re-
12 quired by French forces for the defense of the North Atlantic
13 area, and (b) not to exceed \$100,000,000 for manufacture
14 in the United Kingdom of military aircraft required by
15 United Kingdom forces for the defense of the North Atlantic
16 area.”

17 “SEC. 304. Of the funds authorized by section 541 of
18 this Act, the President may expend, on such terms and condi-
19 tions, including transfer of funds, as he may specify, not to
20 exceed \$400,000,000 for the procurement of equipment,
21 materials, and services (as defined in section 411 (containing
22 definitions) of the Mutual Defense Assistance Act of 1949, as
23 amended), which are required by and are to be made available
24 to, or are necessary for the support of, the forces of France

1 *and the Associated States of Cambodia, Laos, and Vietnam*
2 *located in such Associated States."*

3 *CHAPTER III—MUTUAL SPECIAL WEAPONS PLANNING*

4 *SEC. 301. AUTHORIZATION OF APPROPRIATION.—*

5 *Amend the Mutual Security Act of 1951, as amended, by*
6 *adding the following new section:*

7 *"SEC. 542. There is hereby authorized to be appro-*
8 *priated to the President for the fiscal year 1954 not to exceed*
9 *\$100,000,000 for the purpose of furnishing special weapons*
10 *to nations eligible to receive military assistance under this*
11 *Act or to the international organizations referred to in section*
12 *2 (b) (A) and 2 (b) (C) of this Act: Provided, That prior*
13 *to the obligation of funds for this purpose, the President shall*
14 *determine that such obligation is in the security interest of*
15 *the United States and is in furtherance of the policies and*
16 *purposes of the Mutual Defense Assistance Act of 1949, as*
17 *amended: And provided further, That, prior to the transfer*
18 *of such weapons, the President shall determine that (a) the*
19 *recipient is adequately prepared to safeguard the security of*
20 *such weapons; (b) that the transfer of such weapons will be*
21 *in the security interest of the United States; and (c) that*
22 *such transfer will further the purposes and policies of the*
23 *Mutual Defense Assistance Act. Nothing contained in this*
24 *section shall alter, amend, revoke, repeal, or otherwise affect*

1 the provisions of any law restricting, limiting, or prohibiting
2 the transfer of any such weapons. Notwithstanding any
3 other provisions of this Act, funds made available pursuant
4 to this section may be used only for the purpose of this
5 section."

6 CHAPTER IV—MUTUAL DEVELOPMENT AND TECHNICAL
7 PROGRESS

8 SEC. 401. AUTHORIZATION OF APPROPRIATION.—
9 Amend the Mutual Security Act of 1951, as amended, by
10 adding the following new section:

11 "SEC. 543. There is hereby authorized to be appropri-
12 ated to the President for the fiscal year 1954 not to exceed
13 \$140,234,500 to carry out the provisions of sections 203
14 (relating to economic and technical assistance for the Near
15 East and Africa), 302 (a) (relating to defense support,
16 economic and technical assistance) other than for the Na-
17 tional Government of the Republic of China and the Asso-
18 ciated States of Cambodia, Laos, and Vietnam, and 402
19 (relating to technical assistance for Latin America) of this
20 Act."

21 SEC. 402. AUTHORIZATION OF APPROPRIATION FOR
22 BASIC MATERIALS.—At the end of section 514 (relating to
23 basic materials) of the Mutual Security Act of 1951, as
24 amended, add the following sentence: "There is hereby
25 authorized to be appropriated to the President for the fiscal

1 year 1954 not to exceed \$15,000,000 to carry out the pro-
2 visions of this section.”

3 SEC. 403. SPECIAL ECONOMIC ASSISTANCE IN THE
4 NEAR EAST AND AFRICA.—Amend section 206 of the
5 Mutual Security Act of 1951, as amended, to read as
6 follows:

7 “SEC. 206. In order to further the purpose of this Act
8 in the Near East and Africa, there is hereby authorized to
9 be appropriated to the President for the fiscal year 1954
10 not to exceed \$194,000,000 to be used, on such terms and
11 conditions as he may specify, to furnish special economic
12 assistance designed to promote the economic development of
13 the area, for relief and rehabilitation of refugees in the area,
14 and for other types of economic assistance to assist in main-
15 taining economic and political stability in the area. The
16 applicable provisions of the Act for International Develop-
17 ment (64 Stat. 204; 22 U. S. C. 1557), except the pro-
18 visions relating to the purpose for which assistance may be
19 given, or of section 503 (b) (3) of this Act, shall apply to
20 the expenditure of funds pursuant to this section to the extent
21 that they are not inconsistent with the purposes of this
22 section.”

23 SEC. 404. SPECIAL ECONOMIC ASSISTANCE FOR INDIA
24 AND PAKISTAN.—Amend section 302 (relating to economic
25 and technical assistance for Asia and the Pacific) of the

1 *Mutual Security Act of 1951, as amended, by redesignating*
 2 *subsection (b) as (c) and adding the following new sub-*
 3 *section (b):*

4 “(b) In order to further the purpose of this Act in India
 5 and Pakistan, there is hereby authorized to be appropriated
 6 to the President for the fiscal year 1954 not to exceed \$94,-
 7 400,000 to be used, on such terms and conditions as he may
 8 specify, to furnish special economic assistance designed to
 9 promote the economic development of such countries, and to
 10 assist in maintaining economic and political stability therein.
 11 The applicable provisions of the Act for International De-
 12 velopment, except the provisions relating to the purpose for
 13 which assistance may be given, or of section 503 (b) (3) of
 14 this Act, shall apply to the expenditure of funds pursuant to
 15 this section to the extent that they are not inconsistent with
 16 the purposes of this section.”

17 CHAPTER V—MULTILATERAL ORGANIZATIONS

18 SEC. 501. MOVEMENT OF MIGRANTS.—Add the follow-
 19 ing new sentence to section 534 (relating to the movement
 20 of migrants) of the Mutual Security Act of 1951, as
 21 amended: “There is hereby authorized to be appropriated
 22 to the President not to exceed \$10,000,000 for contributions
 23 during the calendar year 1954 to the Intergovernmental
 24 Committee for European Migration.”

1 *SEC. 502. MULTILATERAL TECHNICAL COOPERATION*
 2 *AND CHILDREN'S WELFARE.*—Amend the Mutual Security
 3 Act of 1951, as amended, by adding the following new
 4 sections:

5 “*SEC. 544. There is hereby authorized to be appropriated*
 6 *to the President for the fiscal year 1954 not to exceed*
 7 *\$13,750,000 for multilateral technical cooperation under*
 8 *section 404 (b) of the Act for International Development.*

9 “*SEC. 545. There is hereby authorized to be appropriated*
 10 *to the President not to exceed \$13,000,000 for contributions*
 11 *during the calendar year 1954 for the support of inter-*
 12 *national children's welfare work in such manner and on such*
 13 *terms and conditions as he may deem to be in the interests of*
 14 *the United States.”*

15 *SEC. 503. OCEAN FREIGHT ON RELIEF SHIPMENTS.*—
 16 Add the following new sentence to section 535 (relating to
 17 the payment of ocean freight charges on voluntary relief
 18 shipments) of the Mutual Security Act of 1951, as amended:
 19 “*There is hereby authorized to be appropriated to the Presi-*
 20 *dent for the fiscal year 1954 not to exceed \$1,825,000 for*
 21 *use in paying ocean freight charges under section 117 (c)*
 22 *of the Economic Cooperation Act of 1948, as amended.”*

23 *SEC. 504. UNITED NATIONS KOREAN RECONSTRUC-*
 24 *TION AGENCY.*—Amend section 303 (a) (relating to Korean

1 relief) of the Mutual Security Act of 1951, as amended,
2 as follows:

3 (a) Add the following new sentence: "There is hereby
4 authorized to be appropriated to the President for the fiscal
5 year 1954 not to exceed \$71,000,000 for making contribu-
6 tions to the United Nations Korean Reconstruction Agency,
7 or such other agency as the President may direct."

8 (b) In the third sentence of section 303 (a) strike out
9 "\$67,500,000" and insert "\$40,750,000".

10 CHAPTER VI—FURTHER CHANGES IN EXISTING MUTUAL
11 SECURITY LEGISLATION .

12 SEC. 601. Amend the Mutual Security Act of 1951, as
13 amended, by adding the following new sections:

14 "SEC. 546. Whenever the President determines it to be
15 necessary for the purpose of this Act, (a) not to exceed 15
16 per centum of the aggregate of the appropriations made avail-
17 able for section 101 (a) (1) and section 541 of this Act, for
18 any fiscal year, may be transferred between appropriations
19 made available for either of such sections: Provided, That such
20 funds after transfer may be used only for the purposes of
21 sections 101 (a) (1) or 101 (a) (2); and (b) not to
22 exceed 15 per centum of the funds made available pursuant
23 to the authorization contained in any of chapters II, IV,
24 and V of the Mutual Security Act of 1953 for the fiscal

1 year 1954 may be transferred to and consolidated with funds
2 made available pursuant to the authorization contained in any
3 other of such chapters. Whenever the President makes any
4 such determination, he shall forthwith notify the Committee
5 on Foreign Relations of the Senate and the Committee on
6 Foreign Affairs of the House of Representatives.

7 “SEC. 547. The unexpended balance under each para-
8 graph of title III, Mutual Security, of the Supplemental
9 Appropriation Act, 1953, is hereby authorized to be con-
10 tinued available for its original purposes through June 30,
11 1954, and may be consolidated with the appropriate fiscal
12 year 1954 appropriation made for the same general purpose
13 under the authority of this Act.”

14 SEC. 602. ESCAPEES.—Paragraph 101 (a) (1) of title
15 I (relating to Europe) of the Mutual Security Act of 1951,
16 as amended, is amended by deleting the word “similarly”
17 before the word “determined” and by inserting “or any
18 Communist-dominated or Communist-occupied areas of
19 Asia”, after “and any other countries absorbed by the Soviet
20 Union”, and, at the end of that sentence, strike out “and to
21 the security of the United States” and insert “or to the security
22 of the United States”.

23 SEC. 603. MILITARY AID IN THE NEAR EAST AND
24 AFRICA.—Title II (relating to the Near East and Africa)

1 of the Mutual Security Act of 1951, as amended, is further
2 amended as follows:

3 (a) Amend section 201 (relating to military assistance)
4 by inserting "and by furnishing other military assistance in
5 the area of the Near East and Africa", after "Greece, Tur-
6 key, and Iran", and by inserting "and for furnishing other
7 military assistance in the area of the Near East and Africa
8 pursuant to section 202" after "and for furnishing assistance
9 to Iran pursuant to the provisions of the Mutual Defense
10 Assistance Act of 1949, as amended (22 U. S. C. 1571-
11 1604)".

12 (b) Amend section 202 (relating to military assistance)
13 to read as follows:

14 "Whenever the President determines that such action
15 is essential for the purpose of this Act, he may utilize the
16 funds made available pursuant to section 201 in order to
17 provide assistance, pursuant to the provisions of the Mutual
18 Defense Assistance Act of 1949, as amended, in the area of
19 the Near East and Africa. Such assistance may be fur-
20 nished to any organization created pursuant to a regional
21 defense arrangement in the area to which the United States
22 shall have become a party, to any nation in the general area
23 participating in such an arrangement, or to any other nation
24 in the general area which the President determines to be of

1 direct importance to the defense of the area and whose in-
2 creased ability to defend itself the President determines to
3 be important to the security of the United States (any such
4 determination to be reported forthwith to the Committee on
5 Foreign Relations of the Senate, the Committee on Foreign
6 Affairs of the House of Representatives, and the Committees
7 on Armed Services of the Senate and of the House of Rep-
8 resentatives). No assistance shall be furnished under this
9 section unless the recipient nation (1) has agreed (a) that
10 the equipment, materials, or services provided will be used
11 solely to maintain its internal security, its legitimate self-
12 defense, or to permit it to participate in the defense of the
13 area, or in United Nations collective security arrangements
14 and measures, and (b) that it will not undertake any act of
15 aggression against any other nation, and (2) has complied
16 with such of the conditions set forth in section 511 (a) of
17 this Act and section 402 of the Mutual Defense Assistance
18 Act of 1949, as amended, as the President shall find to be
19 essential to the accomplishment of the purposes of this
20 section."

21 SEC. 604. AUTHORITY FOR ASSISTANCE TO KOREA.—
22 Title III (relating to Asia and the Pacific) of the Mutual
23 Security Act of 1951, as amended, is further amended as
24 follows: In the first sentence of section 302 (a) (relating

1 to economic aid and technical assistance) strike out “but
2 not including the Republic of Korea)”.

3 SEC. 605. Title V (relating to organization and general
4 provisions) of the Mutual Security Act of 1951, as amended,
5 is further amended as follows:

6 (a) PERSONNEL CEILING EXEMPTION FOR NEW
7 MILITARY ASSISTANCE PROGRAMS.—Amend section 504
8 (d) (relating to reduction in personnel) by changing the
9 period at the end of the section to a colon and by adding the
10 following proviso: “Provided further, That after July 1,
11 1953, the following categories of civilian employees and mili-
12 tary personnel carrying out programs under the Mutual De-
13 fense Assistance Act of 1949, as amended, shall be in addition
14 to the personnel ceiling established under the second and third
15 provisos of this section:

16 “(1) Civilian employees and military personnel
17 carrying out such programs in the Associated States of
18 Cambodia, Laos, and Vietnam, over and above the num-
19 ber so engaged before July 1, 1953,

20 “(2) Civilian employees and military personnel
21 carrying out such programs for any countries in which
22 no such programs were in operation on July 1, 1953,

23 “(3) Civilian employees and military personnel
24 carrying out such programs for international organiza-
25 tions and headquarters established after July 1, 1953.”

1 (b) *SPECIAL USE OF FUNDS.*—Amend section 513 (b)
 2 (relating to special use of funds) to read as follows:

3 “(b) Not more than \$100,000,000 of the funds made
 4 available under this Act, of which not more than \$20,000,000
 5 may be allocated to any one country, may be used in any
 6 fiscal year by the President, to be expended, without regard
 7 to the requirements of this Act, or any other Act for which
 8 funds are authorized by this Act, in furtherance of the pur-
 9 poses of such Acts, when the President determines that such
 10 use is important to the security of the United States. The
 11 President shall notify the Committee on Foreign Rela-
 12 tions of the Senate and the Committee on Foreign Affairs
 13 of the House of Representatives upon making any such
 14 determination.”

15 (c) *TERMINATION OF PROGRAM.*—Amend section
 16 530 (a) (relating to the expiration of the Mutual Security
 17 Program) to read as follows:

18 “SEC. 530. (a) After June 30, 1955, or after a date
 19 specified in a concurrent resolution passed by the two Houses
 20 of Congress, whichever is the earlier, none of the authority
 21 conferred by this Act or by the Mutual Defense Assistance
 22 Act of 1949, as amended (22 U. S. C. 1571-1604), may
 23 be exercised; except that following such date—

24 “(1) equipment, materials, commodities, and serv-
 25 ices with respect to which procurement for, shipment to,

1 or delivery in a recipient country had been authorized
2 prior to such date may be transferred to such country,
3 and

4 “(2) funds appropriated under the authority of
5 this Act shall, if obligated before such date, remain avail-
6 able for expenditure for one year following such date
7 in the case of assistance other than pursuant to the
8 Mutual Defense Assistance Act of 1949, as amended,
9 and for two years following such date in the case of
10 assistance pursuant to the Mutual Defense Assistance
11 Act of 1949, as amended, and shall be available during
12 such period for obligation: (A) for the necessary ex-
13 penses of procurement, shipment, delivery, and other
14 activities essential to such transfers, and (B) for the
15 necessary expenses of liquidating operations under this
16 Act.”

17 (d) *UNDERDEVELOPED AREAS*.—Add the following
18 new section 548:

19 “SEC. 548. Whenever funds are made available under
20 this Act for assistance, other than military assistance, to any
21 economically underdeveloped area, such funds may be used
22 under the applicable provisions of section 503 (b) (3) or
23 the applicable provisions of the Act for International Develop-
24 ment. Where administrative arrangements, including pro-
25 visions relating to compensation and allowances of personnel,

1 authorized under section 503 (b) (3) differ from those au-
 2 thorized by the Act for International Development, the Di-
 3 rector may make use of arrangements authorized under either
 4 statute, in carrying out such programs, except that before ex-
 5 tending the provisions of section 109 (a) of the Economic
 6 Cooperation Act of 1948, as amended, to countries in which
 7 programs authorized under the Act for International De-
 8 velopment are being carried out, the Director will secure the
 9 approval of the Secretary of State."

10 (e) *USE OF LOCAL CURRENCY.*—

11 (1) Amend section 519 (b) to read as follows:

12 "(b) In order to assist in carrying out the provisions
 13 of section 514, funds made available to carry out that section
 14 may be used to acquire local currency for the purpose of
 15 increasing the production of materials in which the United
 16 States or nations receiving United States assistance are
 17 deficient."

18 (2) Amend section 521 by striking out the next to the
 19 last sentence thereof.

20 (3) Add the following new section:

21 "SEC. 549. *USE OF FOREIGN CURRENCY OR CRED-*
 22 *ITS.*—Foreign currencies or credits owed to or owned by the
 23 United States shall be used to carry out the purposes of this
 24 Act but only after reimbursement is made therefor to the
 25 Treasury from funds appropriated to carry out such pur-

1 poses: *Provided, That such currencies or credits are author-*
 2 *ized to be made available for use without reimbursement to*
 3 *the Treasury for liquidation of obligations legally incurred*
 4 *against such currencies prior to July 1, 1953."*

5 SEC. 606. *The Mutual Defense Assistance Act of 1949,*
 6 *as amended (22 U. S. C. 1571-1604), is further amended*
 7 *as follows:*

8 (a) ASSISTANCE TO NATO COUNTRIES.—*Add the fol-*
 9 *lowing proviso before the period at the end of section 101*
 10 *(relating to military assistance to NATO countries): ": Pro-*
 11 *vided, That military assistance may be furnished for pur-*
 12 *poses not included in such defense plans upon a determina-*
 13 *tion by the President that it will further the purposes and*
 14 *policies of this Act'.*

15 (b) EXCESS EQUIPMENT.—*Immediately before the*
 16 *period in the next to last sentence of section 403 (d) (re-*
 17 *lating to limitation on furnishing of excess equipment), add*
 18 *the following: "and after June 30, 1953, by an additional*
 19 *\$200,000,000".*

20 (c) SALES OF MILITARY EQUIPMENT.—*Strike out the*
 21 *word "The" where it appears at the beginning of section*
 22 *408 (e) (1) (relating to sales of military equipment) and*
 23 *insert in lieu thereof the following: "Notwithstanding the*
 24 *provisions of section 530 (a) of the Mutual Security Act*
 25 *of 1951, as amended, the".*

1 (d) *DEPENDABLE UNDERTAKING PROCEDURE.*—

2 *Amend the last sentence of section 408 (e) (2) (relating*
3 *to sales of military equipment) to read as follows: “Before*
4 *a contract is entered into or rehabilitation work is under-*
5 *taken, such nation, or international military organization or*
6 *headquarters, shall (A) provide the United States with a*
7 *dependable undertaking to pay the full amount of such*
8 *contract or the cost of such rehabilitation which will assure*
9 *the United States against any loss on the contract, or*
10 *rehabilitation work, and (B) shall make funds available*
11 *in such amounts and at such times as may be necessary*
12 *to meet the payments required by the contract or the*
13 *rehabilitation work in advance of the time such payments*
14 *are due, in addition to the estimated amount of any dam-*
15 *ages and costs that may accrue from the cancellation of*
16 *such contract or rehabilitation work: Provided, That the*
17 *total amount of outstanding contracts under this subsection,*
18 *less the amounts which have been paid to the United States*
19 *by such nations, shall at no time exceed \$700,000,000.”*

20 (e) *LOANS OF EQUIPMENT.*—Amend section 411 (d)
21 *(containing definitions) to read as follows:*

22 “(d) *The term ‘services’ shall include any service, re-*
23 *pair, training of personnel, or technical or other assistance or*
24 *information necessary to effectuate the purposes of this Act,*
25 *including loans of equipment for test and study purposes.”*

1 *SEC. 607. COUNTERPART LOANS.—Amend the last pro-*
2 *viso of section 115 (b) (6) (relating to counterpart funds)*
3 *of the Economic Cooperation Act of 1948, as amended*
4 *(U. S. C. 1503-1519) to read as follows:*

5 *“And provided further, That whenever funds from such*
6 *special account are used by a country to make loans, all*
7 *funds received in repayment of such loans prior to termina-*
8 *tion of assistance to such country shall be reused only for*
9 *such purposes as shall have been agreed to between the*
10 *country and the Government of the United States.”*

11 *SEC. 608. UNITED NATIONS TECHNICAL COOPERA-*
12 *TION PROGRAMS.—Amend the last proviso in section 404*
13 *(b) of the Act for International Development by striking*
14 *out the word “fiscal” and inserting in lieu thereof the word*
15 *“calendar”.*

16 *SEC. 609. AMENDMENT AND REPEAL OF CERTAIN*
17 *PROVISIONS.—(a) (1) Subsection (a) of section 516 of*
18 *the Mutual Security Act of 1951, as amended, is amended*
19 *to read as follows:*

20 *“(a) The Congress recognizes the vital role of free*
21 *enterprise in achieving rising levels of production and stand-*
22 *ards of living essential to the economic progress and defensive*

1 strength of the free world. Accordingly, it is declared to
2 be the policy of the United States, in furtherance of the
3 objectives of this Act, to encourage the efforts of other free
4 countries in fostering private initiative and competition in
5 discouraging monopolistic practices, in improving the tech-
6 nical efficiency of their industry, agriculture, and commerce,
7 and in the strengthening of free labor unions; and to encour-
8 age American enterprise in contributing to the economic
9 strength of other free countries through private investment
10 abroad and the exchange of ideas and technical information.”

11 (2) Amend subsection (b) of such section by striking
12 out the words “to accomplish the purpose of clause (1) of
13 subsection (a) of this section, under” and inserting in lieu
14 thereof the word “Under”.

15 (b) Section 115 (k) of the Economic Cooperation Act
16 of 1948, as amended, is repealed. Nothing in this subsec-
17 tion shall be construed to prevent the carrying out of any
18 commitment or agreement entered into pursuant to said
19 section 115 (k) prior to the date of enactment of this Act.

20 SEC. 610. None of the funds authorized under this Act
21 may be expended for housing at a unit cost in excess of the
22 prevailing unit cost in the country where such housing is to
23 be provided.

Passed the House of Representatives June 19, 1953.

Attest:

LYLE O. SNADER,

Clerk.

Passed the Senate with an amendment July 1 (legislative day, June 27), 1953.

Attest:

J. MARK TRICE,

Secretary.

AN ACT

To amend further the Mutual Security Act of 1951, as amended, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 1 (legislative day, JUNE 27), 1953

Ordered to be printed with the amendment of the
Senate

was, after all, merely a step in a long progress toward equality of rights. The passage of this amendment will bring us to the top of the hill from which we can survey the land in which equal justice is rendered and equal rights accorded to all its citizens.

NEW YEAR IN WASHINGTON

Mr. SALTONSTALL. Mr. President, I ask unanimous consent to have printed in the body of the RECORD at this point in my remarks an editorial entitled "New Year in Washington" published in today's New York Times. I ask that it be printed in the body of the RECORD because I think it is a very important editorial. I emphasize it by reading the last paragraph of the editorial, which says:

The question whether a country can put its finances in order is not a question of the size of its population or its national income alone. It is, in the last analysis, a question of moral leadership. In that sense, despite the fact that the Nation faces the possibility of another deficit on this first day of the new year, it may congratulate itself on being in the strongest financial position in many years.

The editorial expresses my thinking.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

NEW YEAR IN WASHINGTON

Last night at midnight the fiscal year 1952-53 for the United States Treasury passed into history; today we are entering the year 1953-54, a year which could be a critical one in the history of American fiscal policy.

For the first time in many years, with the coming to office of President Eisenhower, we have a leadership in Washington that regards the balancing of the budget as something more than a convenient slogan to catch the conservative vote. Up to 1930 an annually balanced budget was taken for granted except in time of war. But since that year the country has moved from one state of emergency to another, with many in the series genuine, but some largely synthetic in character. Over the whole period 1930-53 we have seen but one nominal surplus and two real ones.

Fiscal figures for the year 1952-53 are not yet available, but the Treasury statement as of the close of business June 25 shows total expenditures of \$72,557 million, against receipts of \$64,341 million, or a deficit of \$8,216 million. When the 1952-53 budget was first drafted in January of last year the indicated deficit was \$14.4 billion. As a result of the introduction of the so-called stretchout in the defense program President Truman was able to make a sweeping revision in the figures. His estimate of spending was reduced from \$85.4 billion to \$74.6 billion, or by \$10.8 billion, while he lowered his estimate of receipts by only \$2.3 billion. This produced a prospective deficit of \$5.9 billion. Whereas the first estimate of the deficit had been some \$6 billion too high, the January revision was overoptimistic by more than \$2 billion.

The 1952-53 budget was, of course, a Truman budget from beginning to end. This is hardly less true, however, with respect to the budget for the year which begins today. While it is true that the incoming President was free to propose changes in the budget prepared under his predecessor, this "freedom" was more theoretical than real. A budget cannot be divorced from the policies for which it was designed, and it was inevitable that a budget of the dimensions of that of 1953-54, calling for expenditures of \$78.6 billions, should cast a long shadow over the policies, political as well as fiscal,

of the new Administration. In a fiscal sense, as a matter of fact, it might be said that there were two shadows. One of these was the \$9.9 billion budget deficit that the Eisenhower administration inherited; the other was the huge total of funds "obligated" by the previous administration but unspent. These amounted to some \$79 billion, or more than the indicated 1953-54 spending total. Another way of putting it is that Federal agencies already had nearly 50 percent of the funds they required in 1953-54 before the year began.

On top of this, as President Eisenhower said in his radio address of May 19, there are other basic complications:

"When this administration took office we faced two stubborn financial facts. The first fact was this: Under the former administration expenditures for the future were so scheduled as to reach their peak during 1954 and 1955. The second fact was this: These are precisely the years when—under existing laws—Federal revenues from taxes, under scheduled reductions, will fall sharply downward. * * * If we do nothing about this the results of these facts could only be bigger deficits, greater Government borrowing, even increasing cost of living, depreciated savings, higher and higher cost of the Nation's security."

These problems cannot be solved overnight. But with an administration in office that is determined to do so they can be overcome before too many months have passed. In his speech in May Mr. Eisenhower was able to announce that the prospective deficit had been reduced from \$9.9 billion to \$3.3 billions. But what is more important is the fact that the administration regards this merely as part of a continuing process. And in this process, Mr. Eisenhower has let it be known, he does not mean to regard "obligated" funds as necessarily sacrosanct.

The question whether a country can put its finances in order is not a question of the size of its population or its national income alone. It is, in the last analysis, a question of moral leadership. In that sense, despite the fact that the Nation faces the possibility of another deficit on this first day of the new year, it may congratulate itself on being in the strongest financial position in many years.

THE PLIGHT OF THE FARMER

Mr. LANGER. Mr. President, I have a letter before me which I should like to read into the RECORD. It comes to me from Miss Grayce R. Warren, secretary, Scoria Butte Farmers Union Local No. 1126. It reads:

GRASSY BUTTE, N. DAK.,
June 26, 1953.

Hon. Senator WILLIAM LANGER,
Senator from North Dakota,
Washington, D. C.

DEAR SIR: As secretary of the Scoria Butte Farmers Union Local, No. 1126, I have been instructed to write you in behalf of the membership which numbers 152 men and women farmers in western North Dakota.

We discussed the wheat acreage allotments as against marketing quotas question at our meeting and seemed to be unanimously in favor of wheat acreage—giving the small farmer a better chance in production and of course our local wants the 100 percent parity.

We sincerely hope you will use your influence and pressure in that direction when and where it will carry most.

Sincerely,

GRAYCE R. WARREN, Secretary.

I may say that from all over the State of North Dakota, from the various local farmers' unions and from individuals, I have been getting hundreds of letters

and telegrams of the same tenor. The farmers in that area are becoming very much discouraged at the drop in prices of their farm products. They are very much discouraged by the fact that, although their prices, especially beef prices, have been going down and down and down, everything they must buy, particularly farm machinery, has gone up as high as it was at any time during World War II.

MUTUAL SECURITY ACT OF 1951, AS AMENDED

The Senate resumed the consideration of the bill (S. 2128) to amend the Mutual Security Act of 1951, as amended, and for other purposes.

Mr. FLANDERS. Mr. President, we are all concerned about the cost of mutual security. We are even more concerned about the effectiveness of it. It is my purpose to make suggestions with regard to effectiveness which will greatly reduce the cost of succeeding mutual security operations and hopefully of those operations for the fiscal year 1954.

The way not to go at it has been ably illustrated by our muddle in Korea. Somewhere along the line the same influence which guided the Truman-Acheson administration got hold of our new administration. It was with sickness of heart that we heard anew the proud boast that we had successfully "resisted aggression" as if the loss of hundreds of thousands of lives and billions of dollars had been well spent in bringing us back to the starting ground of June 25, 1950.

As a matter of fact, we fell short of getting back where we started. We had retrograded politically and morally in our relations with the brave Korean people, government, and president. General Clark put us in the position of threatening the Korean Government with an attack from the rear while the ROKs were attacking the Communists at the front.

The suspicion is that this sickening threat came from the Pentagon. It certainly could not have come from the White House. We can even make a guess as to the identity of the hitchhiker who took the suggestion from the Pentagon to General Clark.

If the great structure across the river is the seat of the reactionary forces who are crowding us over into the Truman-Acheson rut, the quicker the President asks for their resignations, the better. Let us put in the full complement of the new Chiefs of Staff now.

One lesson to be learned from this is that we must have policies. These policies must be directed toward the well-being of people, rather than toward the accumulation and display of power. And these policies must be publicly stated without fear or hesitation. They must be right policies, righteous policies, which can only be compromised to the disadvantage of the well-being of people.

More than once on this floor I have suggested peace proposals for Korea. They involve the setting up of a neutral zone along the Yalu River which would take care of the interests of Communist

China in protecting her from invasion, the reason stated for her entrance into the Korean war. These proposals include the unification of Korea. They include the establishment of civil authority of the Korean Government over its whole area. They include our offer of help in rebuilding the country. By suggesting that the neutrality of that zone be administered by Asiatic nationals, we offer them an opportunity to make a contribution toward peace, instead of offering only carping criticism. These proposals were morally right. We should not have been afraid to make them at any stage of the negotiations. We should be willing to make them now even after our disastrous retreat down the Truman-Acheson bypath.

These proposals are not the only ones that could be made. For instance, one of the leaders on this side of the aisle suggested in conversation the other day that we might propose that the whole of a united Korea be neutral territory with the neutrality guaranteed by the four great powers. That is a thoroughly useful suggestion. There may be other possibilities, but whatever they are, let us search out the best of them and publicly proclaim them as our policy in the Korean area.

Perhaps, Mr. President, you or someone else may be asking what this has to do with the authorization for the mutual-security appropriations. It has very much to do with it. Not having established the well-being of people as our policy in Korea, we find ourselves offering to defend that unhappy country, or, rather, one-half of it, against all comers. Under that proposal we would have to stand armed and ready for years to come, to start the Korean war all over again if history repeats itself. That will be a tremendous and continuing drain on our vitality.

The same principle holds in other countries to which our mutual-security appropriations and activities are directed. Let me call attention to the situation in Indochina. France cannot hold that ever again as a peaceful colony. Her government knows it. Her government does not seem to know how to let go of that situation with honor. The only proposal I am aware of that has come from the French Government is that we should take over. If we do, there go more billions and no security.

As a matter of fact, the attainment of peace with honor in Indochina is wide open. That country has felt that it is forced to make a choice between continued dependence and communism. Unfortunately the people seem to be more interested in independence than they are in freedom from communism.

We have lately had the spectacle of the King of Cambodia making a protesting self-exile in Thailand. He wants independence. Without doubt his people want independence. The time is ripe for France to negotiate independence with Cambodia and Laos. If they enter into active negotiations, carried through to a successful conclusion, they can make an appeal to the people of Viet-Nam with some assurance of success. The Vietnamese should then believe that the

French are honest when they offer independence as soon as the country has been pacified. Unless they give such practical assurance, the Vietnamese will not believe them. Nor should they.

Instead of taking this bold and practical step, the French are reported by news correspondents from Saigon to feel that it is now incumbent upon them to send armed forces into Cambodia, as well as into Viet-Nam. With such folly, Mr. President, we must have no connection whatsoever. Unless we can persuade the French to take the only honorable course—the course which has been taken by the United States in the Philippines, the government of the Netherlands in Indonesia, the British Government in India, Pakistan, and the adjacent territories—unless the French are willing to do this, we can do nothing for them, and this they ought to understand.

So here again we come to the practical conclusion that a diplomacy which concerns itself with the well-being of people, their interests, their hopes, is the only one which can be successful politically. At the same time it is one which will relieve us of a financial burden whose weight can only dimly be foreseen.

Nor is this all. Recent events in Eastern Germany, Czechoslovakia, and elsewhere among the satellites of the Soviet government make it clear to us that our interests tie in closely with the interests of the people of those areas. We must work for what they desire. Their hopes and ambitions must be our policies. Why do we not now publicly announce for all the world to hear that it is our policy to work by every honorable means for free communication, and free elections in these troubled areas of the world? Our Secretary of State put our policy in line with the hopes and desires of these enslaved peoples not so many weeks ago. Somebody shushed him up. He had to explain later that he did not mean it. He had better mean it. Our Government had better mean it. Our country had better mean it. The western world had better mean it.

It is not necessary to incite the satellites to armed resistance. That is for them to judge and determine. But it is necessary for us to tell them that our hearts and minds are with them and will continue to be with them so long as they are deprived of free communication with the rest of the world and free elections in their own internal government. Again, Mr. President, that is pertinent to the money question. If it is known throughout the satellites that that is our enduring policy and that we will be continuously working for it by every proper means, the spirit among the peoples will be such that the Soviet armies will never dare to move westward. Such a spirit, supported by our announced policies, will be worth more than a hundred divisions on the western front, and obviously it will cost much less.

Mr. President, the bill before us is a stopgap measure. It proposes certain expenditures for the fiscal year 1954. Unless our feeble and vacillating diplomatic policy is redirected during this coming year, we will have another bill

a year from now for similar or larger amounts. I for one will not vote for it. I will vote for this one only in the faith and hope that we will get a new breath of moral life into our diplomacy in the few months ahead of us.

Mr. THYE. Mr. President, on behalf of myself and 11 other Senators, I call up the amendment identified as "6-30-53-C" and ask that it be stated.

The PRESIDING OFFICER (Mr. PURCELL in the chair). The amendment will be stated.

The LEGISLATIVE CLERK. On page 20 it is proposed to strike out lines 1 to 3, inclusive, and to insert in lieu thereof the following:

SEC. 609. Amendment and repeal of certain provisions: (a) (1) Subsection (a) of section 516 of the Mutual Security Act of 1951, as amended, is amended to read as follows:

"(a) The Congress recognizes the vital role of free enterprise in achieving rising levels of production and standards of living essential to the economic progress and defensive strength of the free world. Accordingly, it is declared to be the policy of the United States, in furtherance of the objectives of this act, to encourage the efforts of other free countries in fostering private initiative and competition in discouraging monopolistic practices, in improving the technical efficiency of their industry, agriculture and commerce, and in the strengthening of free labor unions; and to encourage American enterprise in contributing to the economic strength of other free countries through private investment abroad and the exchange of ideas and technical information."

Mr. THYE. Mr. President, 11 other members of the Small Business Committee have joined with me in submitting the amendment. I have also discussed it with the acting majority leader, the Senator from California [Mr. KNOWLAND]. I showed him a copy of the amendment yesterday, at the time when it was sent forward. I have also discussed the amendment with the chairman of the Foreign Relations Committee, the Senator from Wisconsin [Mr. WILEY] as well as with the Senator from New Jersey [Mr. SMITH].

Before offering the amendment in the Senate, I submitted it to the Secretary of State, Mr. John Foster Dulles. From him I received, in reply, a letter which I wish to read. Thus it is obvious that the offering of this amendment is not a surprise move, for the amendment has been given much consideration.

I now read the letter from the Secretary of State, Mr. John Foster Dulles:

DEPARTMENT OF STATE,
Washington, June 29, 1953.

The Honorable EDWARD J. THYE,
United States Senate.

MY DEAR SENATOR THYE: Reference is made to your letter of June 27, 1953, in which you request the views of the Department of State concerning an amendment you propose to offer to the Mutual Security Act concerning encouragement of free enterprise and free labor.

The Department would favor the enactment of such a provision. The continued support of the United States for private competitive enterprise and free labor unions in the free world is essential in the constant struggle against communism.

The amendment you propose would avoid the unfortunate implications of existing provisions of the act that the United States

should attempt to impose economic policies on other free nations, and is very properly expressed in terms of encouraging such nations in their own efforts to strengthen free economic institutions. At the same time it would remove the risk that would be involved if reference to these objectives were omitted from the act entirely. Such an omission might create the impression abroad that the United States had abandoned its policy of encouraging free enterprise and free labor in the other countries of the free world. For these reasons, I agree that this amendment would be of positive aid in furthering United States foreign policy and would be useful in combating Communist propaganda programs in Europe.

Sincerely yours,

JOHN FOSTER DULLES.

Mr. President, I believe nothing further need be said in support of the amendment.

Mr. McCLELLAN. Mr. President, will the Senator from Minnesota yield to me?

The PRESIDING OFFICER (Mr. CASE in the chair). Does the Senator from Minnesota yield to the Senator from Arkansas?

Mr. THYE. I am delighted to yield.

Mr. McCLELLAN. I was not given an opportunity to join in cosponsoring the amendment, but I commend the Senator from Minnesota for offering it. I think it expresses a policy that is truly in keeping with our purpose and spirit in the effort to aid other countries, and I believe it would be well to incorporate the amendment in the bill.

Mr. THYE. Mr. President, I thank the Senator from Arkansas for his support. He has stated my own conviction. In all our mutual assistance activities we have endeavored to improve not only free enterprises but the whole situation and freedom of the countries with which we have participated in the program.

Mr. McCLELLAN. The Senator from Minnesota means the whole concept of freedom, does he not?

Mr. THYE. Yes; that is better.

Mr. LEHMAN. Mr. President, I rise to support the amendment offered by the Senator from Minnesota, for himself and a number of other Senators.

Among the many items in the pending bill, there is one which I very much regret to see.

The PRESIDING OFFICER. Is the Senator from Minnesota yielding the floor?

Mr. THYE. No, Mr. President. But I yield for a comment and a statement by the Senator from New York in support of the amendment. I hope action will be taken on the amendment before I yield the floor.

Mr. LEHMAN. Mr. President, will the Senator from Minnesota yield for an observation which will take approximately 4 or 5 minutes?

Mr. THYE. I shall be delighted to yield, if I may have unanimous consent to do so without losing the floor. I am anxious, of course, to have action taken on the amendment.

Mr. LEHMAN. If the Senator from Minnesota has any hesitation in yielding, by unanimous consent, in order that I may speak for 5 or 6 minutes, I shall simply ask for the floor in my own right.

Mr. THYE. Mr. President, I ask unanimous consent that the Senator from New York may speak for 4 or 5 minutes, because I understand that he wishes to comment on this amendment.

The PRESIDING OFFICER. Does the Senator from Minnesota also wish it to be understood that, in yielding for that purpose, he will not lose the floor?

Mr. THYE. Precisely so, Mr. President.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Minnesota that he may yield for 4 or 5 minutes to the Senator from New York, without losing the floor? The Chair hears none, and it is so ordered.

The Senator from New York may proceed.

Mr. LEHMAN. Mr. President, I repeat that I rise to support the amendment submitted by the Senator from Minnesota, on behalf of himself and a number of other Senators.

In connection with the pending bill, I very much regret to see the repeal of the so-called Moody-Benton amendment, whose purpose it was to encourage free enterprise and a free economy in Europe, free labor unions, and a breakup of the cartels.

I have read carefully the committee report and the excerpts from the reports of the evaluation teams which studied this matter. The Moody-Benton amendment has not, it is said, worked effectively. Yet I think it is a great mistake to repeal this amendment, as difficult as it may have been to effectuate, and as lacking in uniformity as its enforcement has been. This amendment should remain on our statute books as a declaration of our intent and of our national purpose. I feel that its repeal will be greatly misinterpreted abroad. It may be interpreted as an approval by this Government of cartels and monopolistic practices.

Surely, Mr. President, we have been using the entire mutual security program to promote the integration of the economies of the European countries and to secure many changes in internal customs and practices, both of a political and economic nature, in the countries we are assisting.

It was a great step forward, in my judgment, when we adopted the Moody-Benton amendment. I am sorry to see that it is to be stricken from the law. Surely we should, to the greatest extent possible, and without interfering unduly in the internal policies of the countries in question, encourage free trade unionism, free trade practices, and all other practices which tend to help the little people in Europe, rather than big business combines which have, unfortunately, derived the greatest benefit from the assistance program.

If we had expended more energy and devoted more attention to carrying out the purpose and intent of the Moody-Benton amendment, rather than to finding fault with it, more inroads might possibly have been made against Communist strength within some of the countries of Europe.

Mr. President, the amendment of the Senator from Minnesota of course does

not go nearly so far as did the Moody-Benton amendment; in fact, it is not exactly parallel with it. However, I think the amendment of the Senator from Minnesota is a step in the right direction.

In view of the fact that it is obvious that the Moody-Benton amendment will not be continued in the Mutual Security Act, I am very glad indeed to support the amendment of the Senator from Minnesota.

Mr. THYE. Mr. President, I have just had delivered to me a letter addressed to me by the Director of Mutual Security, Harold E. Stassen. I should like to read the letter into the RECORD:

EXECUTIVE OFFICE OF THE
PRESIDENT, OFFICE OF THE
DIRECTOR FOR MUTUAL SECURITY,
Washington, D. C., July 1, 1953.

Hon. EDWARD J. THYE,
Chairman, Select Committee on
Mutual Security, United States
Senate, Washington, D. C.

MY DEAR SENATOR THYE: This refers to your letter of June 27, 1953, requesting the views of the Mutual Security Agency on your proposed amendment to the Mutual Security Act. The amendment states the importance of increasing production and raising living standards as essential to the defensive strength of the free world, and reaffirms the United States policy of encouraging the efforts of other free countries to foster free enterprise and free labor, and encouraging American enterprise's cooperation through private investment abroad.

I believe the amendment you propose would be a positive aid in furthering the mutual-security program in Europe, and would be useful in combating Communist influence abroad. Your amendment would also prevent any possible misunderstanding in Europe that repeal of the so-called free enterprise and productivity amendments was intended as a reversal of traditional United States support of free enterprise and free labor.

Sincerely yours,

HAROLD E. STASSEN,
Director of Mutual Security.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Minnesota [Mr. THYE] for himself and other Senators.

Mr. SMITH of New Jersey. Mr. President, as the ranking member of the committee, in the absence of the Senator from Wisconsin [Mr. WILEY], I should like to speak for a moment. It seems to me that the amendment of the Senator from Minnesota is entirely in line with the thinking of the committee, because the provision of the present law involved the appropriation of a large amount of money for an organization to carry on what might be called propaganda designed to reach certain executives in other countries. That is what was objected to, it being felt that we were trying to impose our views on other countries. There was some resistance to that provision and some misunderstanding of the activity. Therefore, the committee felt that it was unwise to continue the appropriation. But everything that is expressed in the Thye amendment is in line with the committee's thinking; and, while we have not had this matter before the committee, I think I may say to the distinguished Senator from Minnesota that, so far as I am con-

cerned, I shall be very glad to support his amendment.

Mr. THYE. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota [Mr. THYE], for himself and other Senators. Without objection, the amendment is agreed to.

Mr. MANSFIELD. Mr. President, I send to the desk an amendment, which I ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 14, line 18, it is proposed to strike out the numerals "1956" and insert "1954."

Mr. MANSFIELD. Mr. President, the purpose of the amendment is to provide a termination date for the Mutual Security Act, as was contemplated when the act was originally drawn up. Members of this body will recall that the original ECA Act was to expire on June 30, 1952. I had hoped that it would expire at that time, and I had worked to that end. But unfortunately, Korea intervened, with the result that the MSA was created in place of the ECA. The termination date was then set at June 30, 1954.

I believe, as I have tried to point out, that the MSA as such has reached a point where the returns are diminishing more and more each year. I have a great regard for what both ECA and MSA have done, and I have constantly supported those programs through the years. I am supporting the measure which is now before the Senate, but I believe that the time has come to put an end to an independent agency such as MSA, and to put all economic aid as such under the Department of State, where it rightfully belongs.

If I may, I should like to call the attention of the Senate to the recommendations made in the report by the Hon. HENDERSON L. LANHAM, of Georgia, and myself, as a subcommittee of the House Foreign Affairs Committee, which went to Europe last December. The conclusions of the subcommittee are as follows:

1. All agencies engaged in foreign-aid programs should be abolished as quickly as feasible and their duties centralized under the State Department.

2. The regional office of the SRE—

That is, Special Representative for Europe—

should be abolished and all its duties transferred to MSA, Washington.

3. The positions of ambassadors and ministers now operating under MSA should be abolished.

Mr. President, I may interpolate at that point that during the past year the MSA had 19 ambassadors and ministers in addition to the regularly accredited State Department ambassadors and ministers. I continue:

4. Detail one man—with sufficient authority and prestige and a capable staff—to make a 2-month survey of all foreign-aid programs to eliminate waste and duplication, and to weed out incompetent and unnecessary personnel. We recommend Gen. Joseph McNarney, retired, who did such an outstanding job in a similar capacity for NATO in 1951.

I may say that the present able Administrator of MSA, Mr. Stassen, sent to the various countries in which MSA was operating a commission consisting of 55 businessmen. These business leaders returned, and in their report they stated:

Regardless of the original necessity of establishing separate organizations, we believe that activities having to do with our foreign relationships are a responsibility of the Department of State and should now be operated by it.

Mind you, Mr. President, these businessmen were looking into the setup of the Mutual Security Administration. I read further from the report:

If the Department of State has not in the past been equipped with either the proper personnel or the recognized capacity to carry on these functions, we believe that the time has now come for it to assume its proper responsibilities. Basic political decisions require a knowledge of economics, finance, and military, together with organizational correlation adequate to carry them out effectively. These functions should be as closely coordinated as possible.

So instead of an outstanding individual like General McNarney making an investigation, we have something that probably is better, namely, a committee composed of 55 businessmen visiting various countries at the request of the Mutual Security Administrator to find out what is wrong and what is right with MSA, and then to return home and submit recommendations. The committee came back with recommendations. It recommended that MSA should be made a part of the State Department. The fifth recommendation made by Mr. LANHAM and myself, last December, reads:

5. The creation of a permanent joint Senate-House committee to constantly check on and oversee all foreign-aid programs and to make semiannual reports to the Committee on Foreign Affairs of the House and Committee on Foreign Relations of the Senate, to the House and Senate Government Operations Committees, and to the State Department subcommittees of the Appropriations Committees of the House and Senate.

Mr. President, my reason for offering the amendment is that I think the time has come for a greater centralization and more effective administration of all our foreign-aid programs. By this amendment I do not intend to bring about the complete liquidation of MSA by June 30, 1954, because, under section 530 (a) (2) it is provided:

Funds appropriated under the authority of this act shall, if obligated before such date, remain available for expenditure for 3 years following such date, and shall be available during such period for obligation.

In other words, if MSA comes to an end in 1954, it will, in effect, mean that it will be allowed 3 years within which to liquidate its position before the final and complete termination takes place.

Mr. President, I feel that the Secretary of State should not have control merely of the making of foreign policy, but that he should also have control of the operation of foreign policy. Every aid program undertaken by this country is a part of the foreign policy of the United States, and, as such, I think it is the di-

rect responsibility of the Secretary of State. I also think that he can get the right type of personnel to aid and assist him in carrying out a program of this sort.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. MANSFIELD. I will yield in a moment.

So far as the defense aid is concerned, I should like to say that it would remain where it is now, in the Defense Department, and it would have the duty and responsibility of carrying out that part of the defense program.

I now yield to the distinguished majority leader.

Mr. KNOWLAND. Mr. President, I wonder if the distinguished Senator from Montana, who, I know, has been interested in this subject for a long time, and very deeply interested in the foreign policy of this country, having served as an able member of the Foreign Relations Committee, would consider modifying his amendment so that instead of the committee recommendation of an expiration date of 1956, or, as in the present act, of 1954, that the year be 1955, and then the 3-year pipeline provision could be reduced to 1 year. Under the circumstances, I wonder if the distinguished Senator from Montana would modify his amendment to that extent in order to accelerate action on the bill.

I cannot speak for the Foreign Relations Committee, and I am not at this point trying to do so, but I am trying to find out whether there is an area of agreement which would enable us to determine upon a mutually satisfactory date and at the same time meet most of the points raised by the distinguished Senator from Montana.

Mr. MANSFIELD. Mr. President, in view of the circumstances I should be willing to accept the suggestion of the Senator from California. I think it is a good one, when we keep in mind the fact that the original bill extends the operation of MSA to 1958. In the committee I offered an amendment to change the date to 1954. That amendment was defeated, but the committee did accept an amendment fixing the date at 1956.

I should be willing to accept a modification fixing the date at 1955, and, in the meantime, we can examine the foreign program and try to correlate all foreign-aid activities within the Department of State, so that the responsibility will be clearly discerned and the program itself will be placed where it properly belongs.

Mr. KNOWLAND. If the Senator will modify his amendment to that extent, I shall be glad to joint with him in urging upon the Foreign Relations Committee, whose chairman is not at present on the floor, but the ranking minority Member is present, that the Senator's amendment be accepted.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that that may be done.

The PRESIDING OFFICER. The Chair understands that the suggestion of the Senator from California is to modify the amendment to fix the date at 1955, and that the word "three" be changed to "one."

Mr. KNOWLAND. I think it may require two amendments, but in view of the fact that it is along the same general line I shall be prepared to offer a second amendment, unless the Senator from Montana agrees to change the pipeline provision back to 1 year.

Mr. MANSFIELD. I am not sure that that would allow us sufficient time to liquidate the organization. Would 1 year be sufficient?

Mr. KNOWLAND. Would 2 years be agreeable?

Mr. MANSFIELD. I should like to hear from the distinguished Senator from Georgia [Mr. GEORGE].

Mr. KNOWLAND. The Senator from Montana is addressing a question to the Senator from Georgia. I had thought 1 year would be sufficient. I think there would be no great problem in getting that taken care of by the Congress. Personally, I would be satisfied with 1 year, although I should be glad to have the views of the distinguished Senator from Georgia, the ranking minority member of the committee.

Mr. GEORGE. Mr. President, I do not think that more than 1 year would be needed. I am going along with the distinguished Senator from Montana in his original amendment, but if he wishes to modify it and avoid conflict on the issue, I shall be very glad to join.

In the beginning I must make my own position clear. So far as I am concerned, mutual security is going into its last fiscal year, beginning this morning. Regardless of what is done, I shall not be in favor of any further mutual security assistance after July 1954. I do not mean that I may not be for some foreign aid, but not under mutual security. The truth is that it ought to terminate. It would not greatly disturb any European countries, so far as I can see it. They are reasonably happy, at least, because the provision has been in the law since 1952 that it would terminate in 1954. I am only serving notice, individual notice, that, so far as I am concerned, the law will not be extended after the fiscal year which begins today.

I am agreeable to the amendment. There is only one way to end mutual security, and that is to cut it off. There is but one way for the Republican administration to effect economy, and that is to resurvey the whole program. So far as a survey is left in the hands of the administrators of the act, who have a vast army of persons employed at home and abroad, they will never consent to ending it.

Mr. President, while I am on my feet I desire to make one further statement. There is but one way for the nations of Western Europe ever to get and stay on their feet, and that is to let them work out the way to get and stay on their feet. If, after 7 years of large appropriations of money from the Treasury of the United States, they are not now on their feet, they never will be.

It is agreeable to me for the distinguished Senator from Montana to modify his amendment, but I am making my position clear, Mr. President, that from now on I shall not myself support any program for the Mutual Security

Agency after the fiscal year expires a year from today.

Mr. MANSFIELD. Mr. President, I thank the distinguished senior Senator from Georgia who worked with me on this amendment in the committee.

I also thank the distinguished majority leader for the consideration he has shown.

I should like at this time to modify my amendment by changing the date from 1954 to 1955, and on page 15, line 5, to strike out the word "three" and substitute the word "one."

In that respect it seems to me we are getting pretty close to my original objective, because under my amendment to strike "1956" and substitute "1954," we would have allowed a 3-year liquidation date, thus reducing it by 2 years while increasing the possibility of a continuation of MSA next year by 1 year.

The PRESIDING OFFICER. The Chair understands that the Senator from Montana is modifying his amendment by changing 1954 to 1955 and by offering an additional proposal that on page 15, line 5, the word "three" be stricken out and the word "one" be substituted.

Mr. MANSFIELD. That is correct, Mr. President.

Mr. SMITH of New Jersey. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield.

Mr. SMITH of New Jersey. I am wondering whether the Senator feels that 1 year is adequate, when we have to make commitments under the program we are now authorizing, and whether 2 years would not be preferable. I am not making any controversy over it, but am merely asking the question of the distinguished Senator.

Mr. MANSFIELD. I view of the fact that we are not going to fix the date as 1954, I feel there should be the reduction in the liquidation period suggested by the majority leader.

Mr. SMITH of New Jersey. Does the Senator mean 1 year?

Mr. MANSFIELD. That is correct.

Furthermore, I feel that continuation of aid on the basis on which we have been giving it is bound to create resentment. In effect, I think it is not bringing the nations closer together. The longer it continues, the farther apart it will push us. It is a deterrent to unity. I feel very sincerely that this Government, which has expended approximately \$39 billion since the end of the Second World War, has done just about all it can do. Moreover, in view of the economic facts of life, so far as they affect European countries, I believe Europe is on a fairly even keel at present. As I tried to point out yesterday, for the first time since the aid programs went into effect, there was a net increase in the productive capacity of Europe last year.

As one who has supported the aid programs from the beginning, and who is heartily in favor of this year's program, I also believe there is a limit to what should be done. I believe a little more consideration must be given to conditions at home, as well as to conditions abroad. I feel that the end result may

well be a firmer friendship and better understanding than is now the case.

Mr. SMITH of New Jersey. I thank the Senator from Montana for his statement. I am entirely in accord with the views he has expressed. I think we must now look forward to getting the appropriation as soon as possible, so I shall not press the point with respect to a 2-year extension, if the Senator, who has given as much study to the situation as the rest of us have, feels that 1 year is as ample for our purposes as 2 years would be.

Mr. MONRONEY. Mr. President, like my distinguished colleague from Montana, I have always favored the foreign aid program. I was a member of the Herter committee in the House, which helped to pave the way for establishment of the Marshall plan program. I heartily concur in the statement by the Senator from Montana that we must give notice to Europe and to the rest of the world that we are going to get out of the business of financing their economies, through foreign aid programs, and that we consider an indefinite and continuing program of dependency upon the United States for aid to be instrumental in building up ill will.

As this program moves lower and lower in the amount of dollar aid to the foreign countries, the more resentful those countries become at what the American program means for their economy, particularly when they must go to our mutual security officers or officials and conform their programs of development to American dictation or American wishes in order to qualify for funds. As a matter of fact, the funds which will be appropriated and made available in future years will be so low that they will not be effective and not be genuinely healthful to further recovery and prosperity of the nations overseas.

I believe we must look forward, as we terminate this program, to improving and increasing the acceptance of an increase of trade with those people as an instrument of foreign policy. They wish to work their way out of the present situation. They wish to be self-respecting traders in the world market. Unless we affirmatively adopt as the policy of the United States a determination to increase this trade, and find ways to do it, we shall probably see much of the accomplishments of our foreign-aid program drift back, so that the situation in the foreign field will be less satisfactory than it now is.

Mr. MANSFIELD. I agree with the distinguished Senator from Oklahoma. I know of his great interest in this program. I am in wholehearted accord with what he has said.

Mr. MONRONEY. The Senator from Montana will agree, will he not, that in terminating the program, we must look forward to an open door for trade, so that those people will not be hopeless? The question of tariff barriers, customs restrictions, and all the other impediments to helping them work their way out and become self-supporting nations, must be affirmatively explored by Congress.

Mr. MANSFIELD. The Senator is correct. The imbalance of trade must be corrected. The tariff walls are not all on our side. The Western European nations themselves likewise should consider some of the prohibitive tariffs which exist with respect to some of their own commodities.

Mr. MONRONEY. Indeed; but affirmative action in setting the pace in this country can do much to help tear down barriers the foreign countries have erected between themselves, as well.

Mr. MANSFIELD. The Senator is absolutely correct.

Mr. SCHOEPPPEL. Mr. President, in my opinion, the amendment of the Senator from Montana decidedly improves the bill. I am in hearty accord with the position taken by the distinguished Senator from Georgia [Mr. GEORGE].

I wish to ask the distinguished Senator from Montana [Mr. MANSFIELD], who has had much experience in this field and has checked into the question, whether he feels that improvements in the administration of aid and elimination of duplication have resulted in the saving of some of the rampant running expenses which have heretofore characterized foreign aid?

Mr. MANSFIELD. On the basis of testimony presented to our committee, there has been a substantial reduction, and there will be a further substantial reduction by the 15th of July. I think also that Mr. Stassen, who is new on the job, and the persons whom he has working for him, have done good, efficient work in the period they have been operating.

Mr. SCHOEPPPEL. I am glad to hear the Senator from Montana say that, because I know that in the view of many who have had some understanding of the situation the conditions with respect to duplication, waste, and expenses have been rather appalling. Likewise, the reaction that has developed in foreign countries toward the United States is quite the contrary of what we had expected.

I have had some assurances from members of the Committee on Appropriations that although we are authorizing the amount of money which has been included in the bill, which, in my view, is in the nature of a promissory note that can be cashed, we can look forward to certain reductions in amounts. There are certain phases of the bill I wish I did not have to vote for, but the Senator's amendment is a good one.

Mr. MANSFIELD. I thank the Senator from Kansas. I hope the administration of foreign aid can revert to the State Department, where it belongs, so that the Secretary of State will have full responsibility for its operation.

The PRESIDING OFFICER. Without objection, the amendments offered by the Senator from Montana [Mr. MANSFIELD] will be voted upon en bloc.

The question is on agreeing to the amendments offered by the Senator from Montana.

The amendments were agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. GEORGE. Mr. President, I did not wish to take time before the vote, because the suggestion made by the distinguished majority leader, and its willing acceptance by the distinguished Senator from Montana, who offered the original amendment, were quite agreeable to me.

However, I repeat that if President Eisenhower wishes to make economies, there is a golden opportunity to do so in this field. He cannot do it except by setting up an independent committee or commission, to review the whole work and the whole foreign aid program. When such a study is made, I am confident that the recommendation made will be such that Congress can, in good conscience, follow it, and it will result in a tremendous saving to the Treasury, in my honest judgment.

I shall not offer to this particular bill an amendment requiring or recommending that the President appoint such a commission, but the only way out of the mass of expenditures in foreign fields is through the creation of an independent commission, which the President himself will create within the year. I thought 1 year was sufficient, but it might be well to have its life extended to 2 years. At the same time, we would have an opportunity to review appropriations for the next fiscal year after the current fiscal year.

I serve notice individually that, as a member of the Committee on Foreign Relations, I am through with mutual security assistance as such. But if the President will create a commission to review all the expenditures of money in the foreign field, and if a recommendation shall be submitted, I shall be more than inclined to support it, because I know it will result in real economy to the Treasury of the United States.

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded and that further proceedings under the call be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SALTONSTALL. Mr. President, I should like to ask a question of either the chairman of the Committee on Foreign Relations or a member of the committee. I ask the question in order to make it and the answer a part of the legislative history of the pending bill.

I have been informed that despite the fact that the Economic Cooperation Act of 1948, as amended (sec. 112 (j)), requires the Administrator to provide dollars for marine insurance on commodities shipped from the United States where such insurance is placed on a competitive basis in accordance with normal trade practices prevailing prior to the outbreak of World War II, nevertheless, as a practical matter MSA refuses to allocate dollars for the payment of premiums on marine insurance except upon the request of the participating

country. Since participating governments in most cases do not make such requests unless the insurance is placed in the market of the participating country, American insurance companies are effectively kept from insuring the shipments and in fact competition is eliminated. Is that the Senator's understanding of the way this provision was intended to work? I am sure that the Senator will understand my interest because a great deal of marine insurance is placed in companies of my home State.

Mr. SMITH of New Jersey. Mr. President, with the approval of the chairman of our committee, I rise to answer the question of the Senator from Massachusetts.

I may say to him that I am very glad the question has been raised, because there has been confusion with regard to the placing of marine insurance. The question has arisen in a number of States, including my own State of New Jersey. I will say to the Senator from Massachusetts that it seems to me—and I believe I also speak for my colleagues on the committee—that the intent of this provision was that the ECA Administrator, now the MSA Administrator, was to provide dollars for marine insurance where the insurance was placed on a competitive basis in accordance with normal trade practices prevailing prior to the outbreak of World War II. In other words, I do not think that this provision of the act should be interpreted by the Administrator so as to give a competitive advantage to the marine insurance markets of the countries we are trying to help economically.

I hope I have answered the Senator's question.

Mr. SALTONSTALL. The Senator has answered the question. I appreciate the answer, because it provides a part of the legislative history of the pending bill, on which action may be taken in the departments.

The PRESIDING OFFICER (Mr. CASE in the chair). The bill is open to further amendment.

Mr. McCLELLAN. Mr. President, I may say that last evening when the majority leader made a unanimous consent request to limit debate, I wanted to agree to it, and would have agreed to it after the colloquy which passed between us.

Unfortunately, it was objected to, and I was willing then to try to expedite action on the bill and to cooperate with the leadership in every way to get the bill to final vote as soon as it was possible to do so.

A few minutes ago the distinguished majority leader asked for a quorum call, but before the call had proceeded to a conclusion he withdrew the request. I did not object.

Mr. President, what I am trying to say is I believe that if we could have a quorum call and get Members of the Senate on the floor I could, in 15 or 20 minutes, explain the amendment as I understand it, and how it will operate, and what it is designed to do. I believe it would expedite a vote on the amendment and on the bill. Otherwise, I would begin to speak now, more Senators would come on the floor as I go along,

and in that way perhaps it would take longer to consider the amendment.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. McCLELLAN. I yield.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the Senator from Arkansas may yield to me for the purpose of suggesting the absence of a quorum, without his losing his right to the floor.

The PRESIDING OFFICER. Without objection it is so ordered.

Mr. KNOWLAND. I wish to say to the distinguished Senator from Arkansas that I think his suggestion is a good one. I believe we can expedite action on the bill by having as many Members present as we can get away from their committee duties and other business.

I hope, if we can move along and finish consideration of the bill by mid-afternoon, that we will then make the reciprocal-trade bill the order of business and open debate on it. By so doing we would have a fair opportunity of finishing consideration of the reciprocal-trade bill by tomorrow. If so, we would recess from tomorrow until Monday. Otherwise it would be necessary to have a Friday session.

Mr. McCLELLAN. Mr. President, I do not know, but I believe mine is the last amendment to be offered, and I have waited until all the other amendments were disposed of, in the hope that the Senate could proceed to vote, if we could get the membership present to hear my explanation of it. After my explanation of it, the Senate could debate it, perhaps hurriedly, and we could come to a conclusion on it, and then let the bill reach a final vote.

Mr. KNOWLAND. Mr. President, the acting majority leader is glad to cooperate, and considers the suggestion to be a good one.

Mr. President, I now suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Green	McCarthy
Anderson	Griswold	McClellan
Barrett	Hayden	Millikin
Beall	Hendrickson	Monroney
Bennett	Hennings	Morse
Bricker	Hickenlooper	Mundt
Bridges	Hill	Murray
Bush	Hoey	Neely
Butler, Md.	Holland	Pastore
Butler, Nebr.	Humphrey	Payne
Byrd	Hunt	Potter
Carlson	Jackson	Purtell
Case	Johnson, Colo.	Robertson
Chavez	Johnson, Tex.	Russell
Clements	Johnston, S. C.	Saltonstall
Cooper	Kennedy	Schoeppel
Cordon	Kerr	Smathers
Dirksen	Kilgore	Smith, Maine
Douglas	Knowland	Smith, N. J.
Dworshak	Kuchel	Sparkman
Eastland	Langer	Stennis
Ellender	Lehman	Symington
Ferguson	Long	Taft
Flanders	Magnuson	Thye
Frear	Malone	Watkins
George	Mansfield	Welker
Gillette	Martin	Wiley
Goldwater	Maybank	Williams
Gore	McCarran	Young

Mr. SALTONSTALL. I announce that the Senator from Pennsylvania [Mr. Duff] and the Senator from Indi-

ana [Mr. JENNER] are necessarily absent.

The Senator from Indiana [Mr. CAPEHART] and the Senator from New Hampshire [Mr. TOBEY] are absent by leave of the Senate.

The Senator from New York [Mr. Ives] is absent by leave of the Senate, having been appointed a delegate to attend the International Labor Organization Conference at Geneva, Switzerland.

Mr. CLEMENTS. I announce that the Senator from Texas [Mr. DANIEL], the Senator from Arkansas [Mr. FULBRIGHT], and the Senator from Tennessee [Mr. KEFAUVER], are absent by leave of the Senate.

The PRESIDING OFFICER (Mr. BENNETT in the chair). A quorum is present.

Mr. McCLELLAN. Mr. President, we have considered a large number of amendments to the pending bill, and in the course of the debate, a message has come from the President of the United States recommending certain legislation to deal with a problem that is becoming quite serious in this country, if not in some respects critical, with regard to surplus agricultural products. Some amendments that have been offered to the bill were in the nature of giveaway provisions of some of the products that we are fortunate to have in excess supply. In one sense the entire bill is a giving away of our substance. It is predicated upon the theory, a theory which I hope has substance to it, that by contributing to the economic welfare of friendly nations and by helping them to shore up their own economies, we are serving our own self-interest.

The pending bill is entitled "An Amendment to the Mutual Security Act," the basic law. If there is provision in this act tending toward security for our allies and friends, or if there is a contribution to their security, and if there is to be mutuality, then there must be something for us in return. By the amendment which I shall offer at the conclusion of my remarks I shall simply propose that we try to get a little something of material value in return while we are pouring out so much of our material wealth in an effort to help sustain the free countries of the world, and at the same time to serve our own enlightened self-interest, if we want to put it on that basis.

We hear a great deal about our surplus agricultural commodities. They are not surplus with respect to the needs of the world; they are not surplus with respect to the needs of our allies; and they are not surplus to the needs of the countries who are eligible to receive aid under the pending bill. Therefore, Mr. President, instead of proposing that we simply give away some of the surpluses which we now have on hand, I propose something that is in line with the claim that what the foreign countries want is trade rather than aid. I am simply proposing to give them an opportunity, and to make it possible for them to trade with us and to purchase, not commodities which are in surplus and that are part of the stocks of the Commodity Credit Cor-

poration, but to purchase through the regular channels of trade those commodities which are in surplus now, or which may become surplus in the ensuing fiscal year.

Mr. President, I shall read the amendment and then discuss it briefly, explaining what it does, how I think it will work, and how it will operate to the mutual advantage of our country and the countries which are intended to become and which will become the beneficiaries of this authorization when an appropriation is made to implement it and to carry it out. I propose, on page 2, line 1, following "Sec. 540," to insert "(a);" to strike out the quotation marks at the end of line 13, and between lines 13 and 14 to insert a new subsection, reading as follows:

(b) Such amounts of the funds authorized to be appropriated by subsection (a) of this section as may be specified in the act appropriating such funds shall be used by the President—

I call attention to the fact that there is no fixed amount, but such an amount as the Appropriations Committee, upon the basis of testimony presented to it, may earmark, that is, after it has heard testimony for the purpose of getting an indication of how much may be needed, and how much other countries may be able to use.

The new subsection would continue—under such rules and regulations as he may prescribe, to provide military assistance to countries eligible to receive such assistance under this act through currency conversion agreements entered into in accordance with this subsection. The President is authorized to enter into an agreement with any such country which shall provide—

(1) for the conversion into currency of the United States of such amounts of the currency of such country as may be specified in such agreement, and for the use of such United States currency for the purchase of agricultural commodities produced in the United States which are determined by the Secretary of Agriculture to be in surplus supply;

(2) for the use of the currency of such country received by the United States under such agreement to procure military equipment, materials, and services in such country for the purpose of carrying out the provisions of this act;

(3) satisfactory assurance that an amount of dollar exchange, equivalent to the dollar exchange used by such country during the fiscal year beginning July 1, 1952, for the importation from the United States of each commodity covered by the agreement, will be made available by such country during the fiscal year beginning July 1, 1953, from sources other than dollar exchange made available under this section of the act for the purchase of each such commodity; and

(4) that the purchase of agricultural commodities produced in the United States with dollar exchange provided under such agreement shall be conducted through private trade channels.

Mr. President, the amendment authorizes the Appropriations Committee to earmark a portion of the funds to be appropriated for military assistance under the Mutual Security Act, for use in a currency-conversion program that will serve a dual purpose of, first, increasing exports of surplus agricultural commodities produced in the United States, by accepting foreign currencies in indirect

payment therefor. I may say that no country would be eligible for this currency-conversion agreement until that country had given satisfactory assurances that it would release dollars in sufficient amount to buy the same amount in dollar value of a specific commodity that it bought during the past fiscal year. This then becomes an inducement to that country, after it has spent those dollars, to buy as much in 1954 as it bought in the fiscal year 1953. This becomes an attractive inducement to that country. It is as though we were to say to them, "If you want to buy more of our wheat, cotton, corn, or whatever is in surplus, we will give you the dollars; you give us your currency in exchange, with the understanding that you will use those dollars to buy, not out of the Commodity Credit Corporation, but out of the regular channels of trade. You buy commodities that are in surplus, and we will take your currency and spend it in your country for military supplies and services."

Mr. President, we are going to do one of two things: We are going to spend all this money in dollars over there, or we are going to take some part of it in their currency and let them use dollars that we give them to buy these agricultural products which are in surplus. The surpluses are increasing. Let them buy through regular channels of trade, and we pay them with their own currency. It is not a give-away; it is aid by trade.

Mr. MONRONEY. Mr. President, will the Senator from Arkansas yield?

Mr. McCLELLAN. I yield.

Mr. MONRONEY. I am trying to get the meaning of the cutoff between the purchases last year and now, and I should appreciate it if the Senator would amplify it. It is still unclear to me.

Mr. McCLELLAN. It is like all other agreements we make with foreign countries. Before a country is eligible and before any conversion agreement will be entered into, that country has to give satisfactory assurances to the Mutual Security Administrator that it will release free dollars for the purchase of these products which are in surplus. When that country has given us assurance that it will buy the same amount that was purchased last year of the surplus commodities, we will make a currency conversion agreement with them whereby they buy some of these commodities, we provide the dollars, and take their currency and spend their currency with them to buy military supplies and services.

The Appropriations Committee, after it has heard testimony, is prepared to determine how much it will appropriate, \$300 million, \$400 million, \$500 million, or whatever the testimony indicates may be needed to finance the program. That money is earmarked. We would not want to earmark more than it would be reasonably anticipated would be used for that purpose.

Mr. MONRONEY. In other words, if a foreign country had used \$100 million worth of cotton, it would be entitled in the next fiscal year to purchase additional cotton on an exchange of currency.

Mr. McCLELLAN. That is correct.

Mr. MONRONEY. But it would still be limited, would it not, to the amount that is in the bill as it comes from the committee, in hard dollars that would buy anything the United States had to sell, but we are making those dollars limited in this case beyond the amount purchased in 1953?

Mr. McCLELLAN. They can be spent to the extent the Appropriations Committee earmarks the money; that is true. These dollars would not be hard dollars; they would become free dollars; they would be available only if the foreign nation wanted to buy, under the arrangement, some of our surplus agricultural products.

Mr. ELLENDER. Mr. President, will the Senator from Arkansas yield?

Mr. McCLELLAN. I yield.

Mr. ELLENDER. I wonder if the Senator can be a little more specific. Suppose a certain sum of money is allocated to Italy, let us say, in order to purchase needed cotton. Would our Government merely buy a certain amount of lires so as to permit Italy to use the dollar exchange to buy cotton in the United States?

Mr. McCLELLAN. It would have to agree to buy in the United States through the regular channels of trade. We are not requiring it to buy surplus on hand in the Commodity Credit Corporation. Of course, whatever it bought would diminish the surplus we would otherwise have at the end of the year.

Mr. ELLENDER. I understand that the money, however, would be made available to help us militarily.

Mr. McCLELLAN. The currency we get from them in exchange is spent for that purpose. It can be spent to buy planes or to buy ammunition or small arms.

Mr. ELLENDER. Are we not imposing an obligation on Italy, in consideration of our letting her have aid to buy a certain amount of surplus, such as cotton or other surplus commodities.

Mr. McCLELLAN. There is absolutely nothing compulsory about it. There is nothing to compel them to buy if they do not want to. We are trying to set up an arrangement whereby we can offer some attractive inducement to them to buy some of our products that are in surplus. That is all we are trying to do.

Mr. HUMPHREY. Mr. President, will the Senator from Arkansas yield?

Mr. McCLELLAN. I yield.

Mr. HUMPHREY. This amendment does not provide additional funds, but authorizes the utilization of the funds authorized in that particular section, as may be provided by the Appropriations Committee, out of the aggregate total; is that correct?

Mr. McCLELLAN. That is correct. The committee would have to get the approval of the Congress.

Mr. HUMPHREY. It does not provide for gifts of commodities where there may be a famine situation, does it?

Mr. McCLELLAN. It has nothing to do with that. The bill which the Senator introduced and the President's proposal in no way conflict. If we want to consider it further and come to the conclusion that the Senator's bill or the bill

of the Senator from Vermont [Mr. ARKEN] is wise and desirable, this amendment in no way prevents that.

I understood the President's bill and the amendment as the Senator from Minnesota offered it last night would apply primarily to famines and to critical emergencies. Unless there is a very broad and loose interpretation placed upon the language in the President's message, I doubt if some countries would be eligible to receive our surplus commodities. That would depend, of course, upon the language of the bill when it is finally passed.

Mr. HUMPHREY. In other words, the amendment which the Senator from Arkansas offers is essentially directed toward the fulfillment of what might be normal needs on the part of the purchasing country.

Mr. McCLELLAN. Yes; that is correct.

Mr. HUMPHREY. But that country may be short of dollars. Once the country has certified that it will spend as many dollars in the ensuing year as it did in the previous year—

Mr. McCLELLAN. For a specified commodity.

Mr. HUMPHREY. Then it becomes eligible for the currency conversion arrangement which permits the United States to accept foreign currency and provide dollars in a similar amount under the foreign agreement. Then we, in turn, spent the foreign currency in the foreign country.

Mr. McCLELLAN. Yes. So they would be receiving every dollar of aid under the bill that they would receive if we spent all dollars. All we are doing is making it possible for them to come here and go into the open market and buy commodities which are already in surplus and which might be in greater surplus at the end of the next crop year.

Mr. HUMPHREY. The amendment which I offered last night, while its language was not nearly so specific as is the language which is now being proposed, in the portion where I proposed to authorize the President to utilize our surplus commodities as he deems necessary in connection with our foreign policy and our national security, in my explanation I pointed out that it might mean a gift, a sale at a concessional price, a sale on a long-term loan, or it might mean a sale with currency conversion.

As I understand the Senator's amendment, it is limited specifically to normal-trade practices. However, normal-trade practices today are blocked, because of the inability of some would-be purchasing countries to have a sufficient number of dollars.

Mr. McCLELLAN. That is correct.

Mr. HUMPHREY. So long as those countries duplicate their regular-trade pattern in a particular commodity for the coming year on the basis of their last year's purchases, then they are eligible to purchase additional commodities by means of the United States Government making up the dollars, when the purchasing country provides from local funds an equal amount.

Mr. McCLELLAN. By conversion of their currency; and they would at any

rate get back every benefit we would provide in dollars because we would spend the currency in their countries on whatever contracts we have for supplies. Furthermore, I think we would finally give those supplies to them, such as materials and arms. Much of the supplies we would give to them after we had bought and paid for them.

Mr. HUMPHREY. I desire to have the record clear that, to my mind, what the Senator has proposed is very constructive. I think it fits into what I may call the normal-trade pattern among nations. It can be sufficiently comprehensive to mean what the President suggested in his message. But I think I should state that, at least from my point of view, it is a forward step. It makes possible an improvement in the trade relationships among nations, and permits us to utilize local currencies, while affording a greater exchange of goods.

Mr. McCLELLAN. The Senator is correct. It is an inducement to create more trade, which is what foreign nations have been clamoring for. They say they want more trade, and less aid. My amendment is designed to help them accomplish that purpose. At the same time, it will not cost the United States any more, nor will it deprive foreign countries of any benefits, which they would get anyhow.

Mr. HUMPHREY. Since the amendment is attached to section 540, there may be some who will say it will dilute or diminish the amount of military assistance funds. As I understand, the Senator is not asking that there be any specific amount specified; he is saying the amount will be determined by the Committee on Appropriations. It may be \$10 million, \$15 million, \$25 million, or any other amount.

Mr. McCLELLAN. It is only an authorization. When the appropriation is considered, it will be subject to amendment, in the final judgment of the Senate and of Congress as a whole.

The Senator may recall that in 1949, I believe, it was, I undertook to place a similar amendment on an appropriation bill, but it was ruled to be legislation, and we were unable to have the rules suspended. The amendment was not exactly like the one now offered, but it was directed toward the same goal.

What I am now seeking to do is to place the amendment in the authorization bill, so that the Committee on Appropriations can hear testimony. The committee may not earmark one dollar for the purpose specified. It may not feel justified in earmarking one dollar. But if the committee concludes that it is justified, then it will have the authority to do so, and the appropriation made for this purpose would be fully authorized. The only question then before the Senate would be as to the amount, or the wisdom of making any appropriation at all.

Mr. HUMPHREY. In view of what I might say was the rather dismal showing on the vote last evening in respect to what I considered to be a worthy objective, realizing that there were honest differences of opinion as to the amount to be involved, I believe this to be a constructive and a positive step toward what

we are seeking. I gather from the Senator's remarks that he is now proceeding on the basis of an authorization—

Mr. McCLELLAN. An authorization only.

Mr. HUMPHREY. Which he did not do previously as to the appropriation item.

Mr. McCLELLAN. The Senator is correct.

Mr. HUMPHREY. The Senator is relying on the Committee on Appropriations to determine the dollar amount, if any, that will be utilized out of this section. He is not authorizing any dollar amount. It is an open-end authorization, and the amount is left to the Committee on Appropriations.

Mr. McCLELLAN. The Senator is correct. I do not believe we could very intelligently earmark any funds at this time. If the judgment of the Committee on Appropriations errs in fixing an amount, the Senate, of course, can correct the error.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. McCLELLAN. I yield.

Mr. ELLENDER. When the distinguished Senator states that he desires that the Committee on Appropriations shall earmark a certain portion of this amount—

Mr. McCLELLAN. I anticipate that the Committee on Appropriations would say "Not to exceed."

Mr. ELLENDER. For what? To buy surplus commodities?

Mr. McCLELLAN. It would be under the currency exchange provision.

Mr. ELLENDER. But would a certain amount of the appropriation be earmarked?

Mr. McCLELLAN. It would be used to carry out subsection (b) of the bill, which would be this subsection.

Mr. ELLENDER. Does that subsection deal with surpluses?

Mr. McCLELLAN. It deals with currency exchange for the purchase of surpluses.

Mr. ELLENDER. If there is no obligation on the part of a country to utilize funds that are made available to buy surpluses, what is the purpose of the Senator's amendment?

Mr. McCLELLAN. It says they may be used.

Mr. ELLENDER. As the Senator answered previously, there would be no obligation to buy surpluses on the part of a country that obtained funds from the United States.

Mr. McCLELLAN. I do not think there is an obligation upon any country to accept \$1 of these funds if they do not wish to accept them. They can say they do not want our help. But if they want to cooperate and help to stimulate trade and get something they need which we have in abundance, without hurting us, this is an opportunity.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. McCLELLAN. I yield.

Mr. MONRONEY. I am still trying to get an understanding of the matter. This is the first time I have observed the Senator's amendment. The Senator says that foreign countries are not

obligated to accept the deal, but that the money will be reserved out of the bill by the Committee on Appropriations.

Mr. McCLELLAN. That is correct. Just as in the case of any other item in the bill, the provision will be that the funds may be used. That is what it will say, that it may be used.

Mr. MONRONEY. But as the bill would come from the Committee on Appropriations, if we assume that \$500 million would be earmarked for this transaction by the Appropriations Committee, and it should not be used in the plan proposed by the Senator from Arkansas, then it would be lost to European aid.

Mr. McCLELLAN. I think that would depend on the way the provision was written in the appropriation bill. There could be a complete limitation, or a limitation subject to discretion. This amendment does not determine that. That would be determined by language in the appropriation bill.

Mr. MONRONEY. Does the amendment prohibit transactions between the Commodity Credit Corporation and the governments involved? Those moving through private channels must clear through private channels, or if the grade or quantities of materials in surplus are not readily available at ocean ports, can the Commodity Credit Corporation accept them?

Mr. McCLELLAN. I should think they could, if the articles were not available through regular channels. I think the purpose is to try to stimulate trade through regular channels. It is not the purpose to make this amendment a dumping amendment, as the term is sometimes used.

Mr. MONRONEY. In other words, if we elected to use for export Government sources entirely, eventually our private sources would go out of business.

Mr. McCLELLAN. The Senator is correct.

Mr. MONRONEY. And the Government would have that load placed on it, whether it wanted it or not.

Mr. McCLELLAN. That is right. We are trying to avoid that. We are trying to keep the trade in private channels, and are attempting to stimulate private trade, so as to make it possible for the foreign countries to have more dollars with which to purchase. At the same time, they will be getting every dollar's worth of benefit out of this bill.

Mr. MONRONEY. I am impressed with the goal at which the Senator from Arkansas is driving. Yet I fear that if the amendment involves a large amount of aid, damage will be done to perhaps the last foreign aid bill to come before the Senate. By absorbing a billion dollars or a half billion dollars in this program, we would be doing damage to the foreign aid concept. Could the Senator give us an idea of the amount he is thinking of in those terms?

Mr. McCLELLAN. I said I did not think anyone could be accurate. I do not know what the testimony will show. I do not know whether the amount would be \$200 million, \$300 million, or some other amount. But whatever amount it may be, it can not do any damage, because every dollar any country uses for

any purpose will be spent right back with us. I do not see how it could do any damage at all. They would not get any less.

Mr. MONRONEY. Within the limit of \$100 million or \$200 million I agree that there would probably be a very beneficial effect upon our surplus agricultural economy, in connection with our private transactions to keep alive our exporting business. However, if such a program should reach the proportions of \$1 billion or \$2 billion I might violently disagree, because then we would be destroying the very thing we are trying to promote, namely, the supplying of the dollar gap. If the amount were specified and the program were limited to surplus agricultural commodities, it might be a very fine thing, to the extent of perhaps \$100 million. But when it comes to amounts in excess of that, I would be inclined to vote against the Senator's amendment.

Mr. McCLELLAN. I cannot speak for the Appropriations Committee. The Appropriations Committee does not always speak for the Senate. Sometimes the Senate revises its recommendations.

Mr. MONRONEY. The Senator from Arkansas is one of the able and distinguished members of the Appropriations Committee.

Mr. McCLELLAN. I thank the Senator. I am not trying to fix any amount. I am not trying to wreck the program. However, if we are to spend money I want to get some benefit from it. We have heard from the distinguished senior Senator from Georgia [Mr. GEORGE] today that the program covered by this bill is the end, so far as he is concerned. I might agree with that view.

This is not an amendment aimed at crippling the bill. It is not intended to do so. It is intended to promote mutual assistance, and at the same time not to interfere with the military aid which this bill provides.

Mr. MONRONEY. I agree with the Senator that to a small degree, and within certain limits, the plan might be a very good one.

Mr. McCLELLAN. I think it would be a good thing to at least experiment with it to a certain degree.

Mr. MONRONEY. I agree with the Senator. I think we must move toward more trade and less aid. Anything in that direction would be beneficial to the economy of this country.

Mr. McCLELLAN. I would not insist on any exorbitant amount being earmarked for that purpose. I have no definite idea as to the amount. I should like to hear the testimony of the MSA officials, and get what information we can from them. If this provision goes into the bill, no doubt they will check through their sources of information in foreign countries and see what the prospects are, so that they may give us some idea of what the program should be, and how extensive the operation can be without doing any damage to the program or wrecking it, and without imposing upon foreign countries something contrary to their will.

Mr. MONRONEY. To a limited degree—such as an amount of \$50 million

or \$100 million—I think it would be very beneficial. However, if the program should involve large amounts, to the point where it would represent an important percentage of the overall program, I am afraid we would destroy the program which we are trying to promote today in getting Europe to rearm. Part of the justification for the rearmament is that there will be liquid dollars which can be spent for whatever purpose the foreign countries wish to spend them, whether for supplies, materials, or machinery. That is the incentive, and represents the mutuality on our part. It is essential that Europe shall provide modern equipment for the European defense community and for the NATO army.

Mr. McCLELLAN. Let me say to the Senator that if the Appropriations Committee should earmark too much, the appropriation bill will come to the floor of the Senate, together with whatever record is made to help us reach an intelligent decision.

I hope the Senator from Oklahoma will go along with this amendment and let us see if we can find a way to make the program reciprocal and mutual, as it is intended to be. Foreign countries need the surplus food which we have. They need the surplus fiber which we have. We are trying to make it possible for them to get more of it. We are not trying to dump something on them that we cannot use or do not need. Neither are we trying to curtail or cripple the military-aid program, because every unit of their currency that we get in exchange for dollars will be spent for the very things for which we have contracted to spend the money in the foreign country.

Mr. MONRONEY. Assume that the program should be restricted to a figure in the neighborhood of \$100 million—

Mr. McCLELLAN. I cannot pledge that.

Mr. MONRONEY. The junior Senator from Oklahoma intends to vote for the amendment, on the assumption that the operation will probably be restricted, and perhaps limited to approximately \$100 million.

Mr. McCLELLAN. I say to the Senator that even if we can put \$100 million more of these surplus products into the channels of trade, it may open the way to greatly improved trade between the countries.

Mr. STENNIS. Mr. President, will the Senator yield for a question?

Mr. McCLELLAN. I am glad to yield to the Senator from Mississippi.

Mr. STENNIS. As I understand, the Senator proposes, through this conversion plan, to create certain credits in foreign countries, in their own money, which could be used to take care of our expenditures there. Is that correct?

Mr. McCLELLAN. That is true to the extent that they enter into an agreement that they will use the dollars to purchase, through the regular channels to trade over here, our agricultural commodities which are in surplus. In turn we agree to spend their currency back there, to provide them with military assistance for which otherwise we would be compelled to spend dollars.

Mr. STENNIS. To the extent this amendment might operate, that would be the system to be followed, using their money for the erection of military public works or other structures.

Mr. McCLELLAN. That is true. Bear in mind that this amendment would not interfere with normal trade, to the extent of the number of dollars they would normally release, on the basis of what they bought last year. They still must supply those dollars. Much of that money they may obtain under the provisions of this bill. However, this program operates after they have given assurance that dollars will be released to a certain extent. We make an agreement with them.

Mr. STENNIS. As an indication of the need for such funds, and how the proposal would fit into the present program, the Senator from South Dakota [Mr. CASE], who is chairman of the Subcommittee on Military Public Works, recently requested figures as to the amount of funds now available now in France, to be spent there by us. He found that the amount was around \$20 million. When that fact was reported to the Appropriations Committee, with the suggestion that the committee consider providing for the application of some of those funds to military construction, the Senator from South Dakota found that there were \$240 million worth of claims that could be applied against the \$20 million, that is, there was an amount of \$240 million which could be lawfully expended, as against the \$20 million, which shows the enormous demand which is accumulating in those countries for the very kind of funds which the Senator's amendment would supply. At the same time, the plan would take care of surplus agricultural commodities.

Mr. McCLELLAN. We are always talking about trade barriers. We have the opportunity here to provide foreign countries with dollars to buy what we have, and in turn, to take their own money and buy what we need from them, much of which we are going to give to them. We are buying it with their own currency and then giving it to them, leaving it in the foreign country to serve that country and serve us in security fields.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. McCLELLAN. I yield to the Senator from Kansas.

Mr. CARLSON. I have listened with great interest to the discussion of the amendment of the Senator from Arkansas. I have been trying to place myself in the frame of mind in which I might be able to support the amendment, because I feel that it has great merit. In the first place, it would provide food for people who need food. In the second place, it would dispose of surplus agricultural commodities.

I am having some difficulty, however, when it comes to the method of using the funds. As I understand, the amendment would give the Mutual Security Administration the authority to barter and trade. It had been my sincere hope that we could get to the place where we

would gradually close out the agency, instead of giving it more work and more problems to contend with.

Mr. McCLELLAN. Of course the program would be extended for only 1 year, as I understand. We could close it out next year, if we wished to do so. In other words, we are going to spend money in the amount that we may appropriate under the authority which we would set up in the pending bill. I do not know what the amount of the appropriation will be. However, we are going to spend some money, and we are now authorizing the expenditure of it. I am merely trying to find a way to take some of the dollars and exchange them for foreign currency, so that foreign governments will have the dollars with which to buy, through regular trade channels, what they need to buy from us what we have in great abundance. The currency which we get from them will go right back into those countries for the things they have that we need and which are associated with this program only, namely, military aid. They are now manufacturing weapons and we are paying them with dollars. They would be paid with their own currency. It would not be in any great amount. Certainly it would not all be spent in that way.

Mr. CARLSON. Mr. President, will the Senator yield further?

Mr. McCLELLAN. I yield.

Mr. CARLSON. I wish to commend the Senator for working out a very fine amendment. As I say, I am struggling with myself about it. I am fearful about it. The Senator has stated that this would involve a 1-year period. It seems to me that we would get involved in another program.

Mr. McCLELLAN. I may say that the provisions in the bill are extended for 2 years, if I am not mistaken.

Mr. CARLSON. Whatever the time is, it is for a certain period of time.

Mr. McCLELLAN. It is necessary each year to make appropriations, of course. If the bill is not further amended, the time of it—I am not sure of the time, but I think it is a 2-year period. Am I correct about it?

Mr. GEORGE. One year after fiscal 1954, which is to July 1955.

Mr. McCLELLAN. That makes it 2 years from now. That is my understanding. The provision does not expire in 1 year. It goes on for 2 years, or for the life of the bill.

Mr. CARLSON. I think it is a very worthy objective, and that it attacks a problem which Congress should consider. It seems to me that we should have an opportunity to hear testimony on it in committee and give it some real thought and study.

Mr. McCLELLAN. Of course, I would be willing to have testimony heard on it in the Committee on Appropriations. I have not gone along with the general idea of taking our surplus commodities and giving them away. I do not think, as some have said, that we make friends by doing it, except in crises or emergencies or great famines.

I think the people over there would rather earn and buy. In this way, they would have an opportunity to earn dol-

lars. They would be trading their currency, and they would be selling us something in return. I believe this is the time to place such an authorization in the bill, and then let the Appropriations Committee hear testimony on it, and determine to what extent we should try it out this year.

Mr. CASE. Mr. President, will the Senator yield?

Mr. McCLELLAN. I am very glad to yield.

Mr. CASE. I may say, first, that I think the Senator from Arkansas is coming close to what ought to be done with respect to making the money that is available in the Mutual Security program do double duty by relating it to the agricultural commodities.

I thought the trouble we faced last night with the so-called Humphrey amendment was that it was very much wide open. It did not establish standards. The amendment of the Senator from Arkansas does establish a standard, in the first place, by limiting its application to "countries eligible to receive such assistance under this act." It is limited to countries qualifying under the act.

Further than that, there is also provided a standard requiring a currency exchange. That establishes a limitation. Other countries will not give up their currency except for something they really need.

The Senator from South Dakota has an amendment pending, which he will offer in the event the Senator's amendment is not agreed to, which acts on the same principle. Personally, I shall support and do support the amendment to be offered by the Senator from Arkansas.

Mr. McCLELLAN. I thank the Senator from South Dakota.

Mr. CASE. However I should like to ask the Senator if he would accept a slight modification in subparagraph (1). I think it is a very important modification.

The PRESIDING OFFICER. The Chair would state that no amendment is pending at this time.

Mr. McCLELLAN. I had announced that I shall, at the conclusion of my remarks, offer the amendment. In order to discuss it I read it myself, because, as I read it, I wanted to discuss it. I shall, at the conclusion of my remarks, offer the amendment as it is at the desk, or with such modifications as may be added to it.

Mr. CASE. The modification which I should like to suggest for the consideration of the Senator from Arkansas is that after the words "agricultural commodities" on page 2, line 5 of the amendment, there be inserted a comma and the words "including meat products and livestock."

The Commodity Credit Corporation today does not buy livestock. It does buy some meat products. In order that there may be no misunderstanding about it—

Mr. McCLELLAN. May I ask the Senator whether meat products have been declared to be in surplus by the Secretary of Agriculture?

Mr. CASE. The language of the Senator's amendment, I believe, would take care of the situation. It provides "for the purchase of agricultural commodities produced in the United States which are determined by the Secretary of Agriculture to be in surplus supply."

Mr. McCLELLAN. That is correct.

Mr. CASE. If the Secretary of Agriculture should find that as of today we have a surplus of livestock, for example, or of meat products, then I believe the money could be used for that purpose. The point at which our farm market is breaking down today, as I believe the Senator from Arkansas well understands, is that we have a support program for grains and we have a support program for certain commodities, but there is no support program for livestock. At this time, because of the drought and the consequent sending of animals to market in unprecedented numbers from a certain area, it is difficult for the market to absorb them.

Mr. McCLELLAN. Mr. President, I would say to the Senator that if we added meat products, or the language which the Senator suggests, the foreign countries still would not be eligible to buy them unless the Secretary of Agriculture declared them to be in surplus supply.

Mr. CASE. That is correct. That is all right. I believe the Secretary of Agriculture should have that authority. We ought not to buy products in a market where there is no surplus, and use them in this fashion. I believe there is sound logic and sound economy in taking products which are in surplus supply and exchanging them for local currencies.

Mr. McCLELLAN. I do not feel that I have any objection to the Senator's suggested modification. I am not an expert on livestock, and I think that probably there will be some surplus of it under conditions that prevail, but it has not been declared as such.

Mr. CASE. I may say that the cattle number stands at almost an all time high in the history of our country, namely, at 96 million head. It was expected at first that it might go as high as 99 million head, which would be an all time high. Those figures are the result of a number of bad practices of the past few years, such as slaughtering quotas, compulsory grading, and roll-back of prices. However, the fact remains that the cattle numbers have gone up about 15 million head in the past 3 years.

Slaughterings have gone down and consequently we have a glut, so to speak, of cattle, in a larger number than the market would normally handle.

Cattle have been selling at distress prices in the drought areas of the Southwest. Something is needed to permit the consumption to catch up with the animal supply and to get things in balance again, as I could develop at some length.

In a talk I had with the Korean Ambassador, he said that the things that they were short of most were proteins. He pointed out that whereas the Chinese were pork eaters, the Japanese were fish eaters, the Koreans were essentially beef

eaters. Making available at this time cattle for these countries would provide them with transportation, namely, something with which to haul their carts and also provide them with food.

So it seems to me the language of the amendment should be modified so as to make it perfectly clear that meat products and livestock could be included, when so determined by the Secretary.

Mr. McCLELLAN. I think it should be sufficient just to provide for meat and meat products, because they are not going to buy live animals.

Mr. CASE. I think the amendment should include livestock. In my discussion with the Ambassador from South Korea, he was very clear on that point, namely, that it would help South Korea a great deal to have livestock, because their transport has been almost entirely destroyed. They use oxen to pull their carts. If they were sent cows, in many instances the cows would provide milk or meat or transportation.

Mr. BARRETT. Mr. President, will the Senator from Arkansas yield to me?

Mr. McCLELLAN. I yield to the Senator from Wyoming.

Mr. BARRETT. I joined with the junior Senator from South Dakota, [Mr. CASE], in the introduction of an amendment that would make it possible for foreign countries participating in this program to use 5 percent of the funds available to purchase surplus cattle and surplus meat and meat products. If the Senator from Arkansas will accept the amendment proposed by the Senator from South Dakota that it will help ease the situation confronting the cattle producers if the Appropriations Committee will earmark substantive funds for that purpose. If I understood the Senator from Arkansas correctly, he indicated that the Secretary of Agriculture has not declared that there is a surplus of cattle and beef in the United States. I call attention to the fact that only yesterday the Secretary of Agriculture announced his intention of purchasing 221 million pounds of beef this year.

Mr. McCLELLAN. I asked whether such a declaration had been made.

Mr. BARRETT. I do not think there has been any direct declaration that the Secretary has found and determined that beef and cattle are surplus in the United States, but his action in announcing that they intended to buy 221 million pounds of beef during the rest of the year, for the school-lunch program, for the Greek Army, and for Army purposes, indicates very clearly that he came to that very conclusion.

Mr. McCLELLAN. I would be glad to modify the amendment so as to insert "meats and meat products," but I am not convinced that we should insert "livestock." I do not know how many animals probably would be purchased. I am not familiar with that situation. But I am sure some meat is purchased. I think it helps some farmers, at least, just as much if they are able to sell meat, as if they are able to sell cotton, tobacco, wheat, corn, and other commodities.

Mr. BARRETT. Mr. President, will the Senator from Arkansas yield further?

Mr. McCLELLAN. I yield.

Mr. BARRETT. I think it would be desirable to leave livestock in as well as meat and meat products. It seems to me there may be several nations that would want to purchase live cattle, and, of course, this would help materially if they would acquire a considerable number of our surplus cows. Our cattle population jumped from 78 million head 4 years ago, up to 93 million head today, and it is anticipated that by the first of next year it will reach 100 million head. The difficulty is that cows have not been going to slaughter.

A program which would enable the Secretary of Agriculture as agent for these foreign powers to purchase let us say 750,000 head or 1 million head of cows would enable these countries to get started with base herds that will make it possible for them to support themselves.

Mr. McCLELLAN. Mr. President, I think the Senator from Wyoming should submit an amendment of his own for that purpose. I would not wish to modify this amendment to that extent. This amendment provides for purchases through regular channels of trade, and not by having the Government make shipments to another country.

Mr. BARRETT. I think the same result would be achieved if the funds were made available to a foreign country. Then it could purchase in the United States, through normal trade channels in terminal markets for livestock or from packers in the same manner that the Secretary of Agriculture does at the present time.

Mr. CASE. Mr. President, will the Senator from Arkansas yield further to me?

Mr. McCLELLAN. I yield.

Mr. CASE. I do not think there would be too much difficulty with the language of paragraph (4) on page 2 of the amendment, which now reads:

That the purchase of agricultural commodities produced in the United States with dollar exchange provided under such agreement shall be conducted through private trade channels.

Mr. McCLELLAN. That is correct; it says "private trade channels."

Mr. MUNDT. Mr. President, will the Senator from Arkansas yield to me?

Mr. McCLELLAN. I yield.

Mr. MUNDT. Yesterday the Department of Agriculture announced, as the Senator knows, that it was going into the market to the extent of purchasing 221 million pounds of various beef products.

It seems to me that the amendment of the Senator from Arkansas is drawn in such fashion that certain criteria would have to be established, in any event—perhaps by the Appropriations Committee, after consultation.

Mr. McCLELLAN. That is correct.

Mr. MUNDT. So perhaps it would be necessary to modify the amendment, in order to provide for that detail.

Mr. McCLELLAN. I am willing to modify the amendment so as to provide for "meat and meat products."

Mr. MUNDT. I think the Senator from Arkansas might also follow the

other suggestion of my colleague, so as to include "live animals."

Mr. McCLELLAN. I am more familiar with meat than I am with animals.

Mr. MUNDT. If one can be included, of course, the other can be, in order to attain the same objective. It is entirely possible that a foreign country might need both meat and live animals.

Mr. McCLELLAN. I wonder whether there is a possibility that a foreign country would wish to buy live animals.

Mr. MUNDT. In South Korea, for instance, the cattle have been killed by bombings and gunfire, as a result of enemy action; and when peace comes, the South Koreans will have to establish a new foundation herd. That is a specific case. I assume that live animals are also needed in India.

The amendment, as thus modified, would simply give the Government additional authority, if and when it became desirable to use it.

Mr. CASE. Mr. President, will the Senator from Arkansas yield further to me?

Mr. McCLELLAN. I yield.

Mr. CASE. I should like to give a little direct evidence on this point.

When the two Senators from South Dakota introduced a bill proposing an aid program of this type for South Korea, I received from the Ambassador from South Korea a letter in which he commented upon the introduction of the bill and expressed his appreciation for it.

In his letter he stated:

May I tell you that the news of this proposal of yours in Korea will immediately better the morale of the Korean people. It is a tragic thing, as you have pointed out, that our Korean soldiers at the front, who represent 60 percent of the line, are so woefully underfed that their diet and the diet of the Korean people also is much less than what the American authorities, in observance of the Geneva Convention, feed the prisoners of war.

Following the receipt of that letter, I communicated with the South Korean Ambassador, and said that I should like to visit with him a little. He came to my office, thereafter. He is a very interesting man. He is a doctor, by profession. Perhaps his information about the diet of the Korean people is better for that reason.

We had a conference for several hours, during which we reviewed the whole situation regarding food and so forth, in South Korea. At the conclusion of the conference, I asked him if he would write me a letter setting forth some of the things we had discussed.

I now have before me a copy of the letter, which is dated March 25. One paragraph of the letter is directly directed to the point about which the Senator from Arkansas inquired. I now read that paragraph:

You may remember my comments on farm animals. The losses in virtually all forms of livestock have been very heavy, and there has been a sharp decline in the number of draft animals for tilling the soil. I am sure that the amelioration of this situation would mean an increase in agricultural production in South Korea.

In discussing draft animals, he said:

Do not send us horses—

Because of the feed problem, and so forth—

but send us cattle, because we can milk some of them and can use them for transportation, or in the final analysis we can eat them.

He pointed out that they had carts, and that the availability of cattle to pull the carts would restore their transportation system, and also their ability to till the soil.

So I think livestock is an essential part of this problem, and will go right along with the production of meat.

Mr. McCLELLAN. Mr. President, this matter will have to be worked out in conference, in any event. If the amendment is adopted, it will go to conference, and the Appropriations Committee will have to consider it, and could amend it by providing for the inclusion of livestock, and so forth. In other words, we shall get another look at the amendment.

I am not opposing the modification the Senators from South Dakota have suggested. If we can sell more livestock, that will be satisfactory, of course.

Mr. MUNDT. Mr. President, will the Senator from Arkansas yield further to me?

Mr. McCLELLAN. I am glad to yield.

Mr. MUNDT. If the amendment goes to conference, and if livestock is included in the amendment at this time, if the conferees decide that the inclusion of livestock is unwise, it can be omitted at the conference. On the other hand, if livestock is not included in the amendment now, it cannot be included in conference. So I think it wise to include livestock now.

Mr. McCLELLAN. That is true. As I say, the amendment could go to conference, where consideration could be given. As the Senator from South Dakota has pointed out, the word "livestock," if now included, could be stricken out in conference, but could not be included for the first time there.

Mr. MUNDT. Precisely.

So I am hopeful that the Senator from Arkansas will modify his amendment in order to accomplish that purpose. But in a broader sense, Mr. President, I should like to associate myself very definitely with the objective of the Senator's amendment. I think it is very constructive. It undertakes to deal with a problem with which the Congress has been concerned for some time. In the Senate Committee on Agriculture and Forestry for several months, awaiting action and hearings and governmental reports, there has been a proposal somewhat analogous to that of the Senator from Arkansas, a proposal which is broader in scope, because it does not deal only with particular countries, as suggested by the Senator from Arkansas, but it seeks in some way to utilize the purchasing power represented by American agricultural surpluses in the open markets of the world.

There are countries which need our foods and fibers. We have the commodities available, and they have in their local currencies the money with which to purchase them. We need to establish some clearinghouse arrange-

ment, some common denominator, so that they can pay for the foods and fibers we have, and may pay for them in the kinds of currencies which are available to them. The Senator's amendment, at least in this small sense, is an opening of the door in that direction, and I hope it will be agreed to.

Mr. McCLELLAN. I thank the distinguished Senator.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. McCLELLAN. I yield to the Senator from South Carolina.

Mr. JOHNSTON of South Carolina. Mr. President, I am very much in favor of the amendment of the Senator from Arkansas. I think the adoption of the amendment would do a great deal of good. We are desirous of increasing our trade with other nations. The cry at the present time is that those nations do not have the dollars with which to buy. The Senator's proposal would provide them with the necessary dollars with which to buy. It would encourage exports of our commodities to those nations.

Furthermore, if we do not enact such provision as this, the United States will have to pay out several million dollars, since surpluses have already been built up in respect to many commodities, including cotton, corn, and wheat, and at the present time there is a question in regard to beef. If the Government should have to take over these surpluses, it would eventually cost the Treasury perhaps millions upon millions of dollars.

I am glad to say that in the past certain of the commodities such as cotton have not cost us anything; indeed we made \$268 million as a result of the Federal Government's action in taking over cotton. We shall have to take over still more cotton, and we may not be so fortunate this time as we have been in the past. We have sufficient cotton and probably sufficient wheat to meet our requirements for another year in advance. What are we going to do with it? The amendment offered by the Senator from Arkansas, in my opinion, will remedy the situation. Therefore, I am very much in favor of the amendment.

Mr. McCLELLAN. I thank the distinguished Senator from South Carolina. Mr. President, I modify my amendment on page 1, in subparagraph (1), after the word "commodities," by inserting the words "livestock, meats, and meat products."

The PRESIDING OFFICER. The Senator from Arkansas modifies his amendment accordingly.

Mr. AIKEN. Mr. President, will the Senator yield to enable me to make a brief statement? I am required to leave the floor to attend to another matter.

Mr. McCLELLAN. I am glad to yield to the Senator from Vermont.

Mr. AIKEN. I am not undertaking in any way to decry the Senator's amendment. I think it has a valuable objective, an objective similar to that of several bills introduced in the Congress during the present session.

Let me say, first, that the business and commercial interests of the country desire to be heard on this matter. They have asked permission to be heard, in the expectation that the Committee on Agriculture and Forestry would conduct hearings on one or more of the bills which have been introduced.

For myself, I may also say that I want to know more about the effect on the currencies of the world this proposal would have. I think it is too tremendous a subject to be handled by way of amendment to a mutual aid authorization bill.

Mr. McCLELLAN. If the Senator will permit, I may say I do not see how it could have any adverse effect on currencies. Will the Senator tell me how it could affect the currencies of the world?

Mr. AIKEN. On that point I should like to hear from some of the people who are dealing in international currencies and in international trade.

But what I really rose to say was that the Committee on Agriculture and Forestry has contemplated beginning hearings during the early part of the week following next week. We cannot begin next week, because we have wheat allotments and cotton allotments and 2 or 3 other matters to consider; but, at the beginning of the week following, I had expected to begin hearings on this matter. If the amendment of the Senator from Arkansas is not agreed to, we shall proceed with the hearings as contemplated, and shall give notice almost immediately of the date of the hearings.

If the Senator's amendment is adopted, it will then be my intention to wait until after the House and Senate conferees shall have met. If the conferees accept the amendment, there will be little need and little use of holding further hearings at this time. If the amendment is rejected by the conferees, it would then be my purpose to set a date, possibly a week following the time of its rejection, for the beginning of hearings. Whether that would be too late to enable us to take action this year, I could not say. But let us not attempt to do anything like this without letting the business and commercial people of America have a chance to express themselves.

Mr. McCLELLAN. Mr. President, let me say we have been dealing with programs of mutual aid and security for years, and certainly if the Committee on Agriculture and Forestry is so much exercised and concerned about it, the committee has had ample time in which to conduct inquiries in the past. I offered a similar amendment to certain appropriation bills, 2 or 3 years ago. I want to see the Senate get away from a proposal which I think would make a complete giveaway. I want to see the pending bill become what it ought to be, namely, a mutual security and mutual aid bill. I want to have something reciprocal about it, something that is material and concrete, something we can see and feel and know.

Mr. AIKEN. Mr. President, if the Senator will let me make a further statement, I may say that, of course, I shall

abide by the decision of the Senate. If the Senate enacts legislation in this manner without giving the people who are most interested in it an opportunity to be heard, that will be the will of the Senate, and I shall accept it.

I had intended later today to announce a time for starting hearings on this entire subject, at which hearings we would be glad to have the Senator from Arkansas present his amendment, either as an amendment to another bill or as a separate bill. I can assure the Senator it would receive the fullest consideration. But if the Senate accepts this amendment, then the only thing to do will be to postpone announcement of the hearings until after the conferees have concluded what to do about it. I think I ought to say this much in fairness to Senators and also in fairness to the people who are concerned with the matter.

Mr. McCLELLAN. Let me say to the Senator, I do not see why he should feel constrained to do what he suggests. In the event the amendment is agreed to, if the Senator wants to conduct hearings for the purpose of improving it or doing something else about it, there will be no reason for him to throw up his hands. If the Senator feels that something further is necessary, he will be perfectly free to proceed.

Mr. AIKEN. It would be difficult to legislate on the same subject within a month, under two different proposals.

Mr. McCLELLAN. The Senator may conduct hearings on my amendment, if he wishes to do so.

Mr. SMITH of New Jersey. Mr. President, will the Senator from Arkansas yield, so that I may ask a question of the Senator from Vermont?

Mr. McCLELLAN. I am glad to yield, with the understanding that I do not thereby lose the floor.

Mr. SMITH of New Jersey. I should like to ask the Senator from Vermont whether the legislation which he contemplates would include the very valuable point which the Senator from Arkansas makes in his present proposal?

Mr. AIKEN. It would include the proposal of the Senator from Arkansas, and it would include other things which I feel would be very necessary in order to provide a well-rounded program of world trade and interchange of currencies. But I do not know all the details of the plans. I want to hear the views of the people who are familiar with the intimate problems of world commerce.

Mr. SMITH of New Jersey. I thank the Senator for answering my question.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. McCLELLAN. I will yield to the Senator from South Carolina, although I desire to conclude as soon as I can.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator from Arkansas yield?

Mr. McCLELLAN. I yield.

Mr. JOHNSTON of South Carolina. I should like to ask the Senator from Vermont whether this amendment would interfere with the bill on which we have been holding hearings with reference to building up trade between nations. The amendment involves surplus commodi-

ties. The bill relates altogether to trade and business, to try to encourage business between the United States and all other nations.

Mr. AIKEN. We cannot have one standard of ethics as to commodities owned by the Commodity Credit Corporation and another standard of ethics for other commodities. Such an arrangement would not work.

Mr. GORE. Mr. President, will the Senator from Arkansas yield?

Mr. McCLELLAN. I yield.

Mr. GORE. If that be true, it certainly condemns either the bill introduced by the distinguished Senator from Vermont or all free trade. If they cannot live together we must choose between the two. It seems to me there is real merit in the amendment of the distinguished senior Senator from Arkansas, and perhaps in it there is a revitalization of trade germ—not free distribution of wealth in the form of agricultural commodities. I have studied this amendment as best I can, and I think it is far from perfect. It is not exactly free trade nor is it exactly barter, but it is a combination, it seems to me, of the two, which may help in tearing down some of the unfortunate barriers between nations. I am glad to support the amendment.

Mr. McCLELLAN. I thank the Senator from Tennessee.

Mr. AIKEN. Mr. President, will the Senator from Arkansas yield?

Mr. McCLELLAN. I yield.

Mr. AIKEN. There is great merit in the Senator's amendment. I am simply saying that the action proposed should be taken without giving the interested parties, the commercial and business interests of the country and the farmers, an opportunity to be heard.

The bill which I introduced yesterday is subject to such limitations as the Congress may see fit to place upon it, or Congress may reject it completely. I claim no perfection for it. In fact, I can see 2 or 3 weaknesses in it. I had seen the bill only a short time before I introduced it. I can conceive that the time may come when 50 million or 75 million bushels of wheat and other commodities in the hands of the Commodity Credit Corporation might well change the course of empire, or of the world, I had better say, and vitally affect the security of the United States. I am simply asking that the people who are so vitally concerned be given an opportunity to be heard before we enact this type of legislation which may have some profound effects. I do not know what the effects may be. I want the witnesses to tell us.

Mr. McCLELLAN. I do not think the Senator need be concerned about the farmers of the United States opposing this amendment. I think he will find that they strongly favor it. They know it is to their benefit to have increased foreign trade in the commodities which are in surplus in this country. I see no reason in the world why the Senator from Vermont should not proceed immediately, whether this amendment be adopted or rejected, with the bill which he has introduced, hold hearings on it,

and receive expressions from all who may be interested and who may be concerned with additional legislation on the subject.

I want to thank those Senators who have contributed to the discussion of the amendment, and I now offer it as modified, Mr. President.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Arkansas, as modified.

Mr. McCLELLAN. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with, and that it be printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment, as modified, offered by Mr. McCLELLAN, is as follows:

On page 2, line 1, after "SEC. 540," insert "(a)"; strike out the quotation marks at the end of line 13; and between lines 13 and 14 insert a new subsection as follows:

"(b) Such amounts of the funds authorized to be appropriated by subsection (a) of this section as may be specified in the act appropriating such funds shall be used by the President, under such rules and regulations as he may prescribe, to provide military assistance to countries eligible to receive such assistance under this act through currency conversion agreements entered into in accordance with this subsection. The President is authorized to enter into an agreement with any such country which shall provide—

"(1) for the conversion into currency of the United States of such amounts of the currency of such country as may be specified in such agreement, and for the use of such United States currency for the purchase of agricultural commodities, livestock, meat, and meat products, produced in the United States which are determined by the Secretary of Agriculture to be in surplus supply;

"(2) for the use of the currency of such country received by the United States under such agreement to procure military equipment, materials, and services in such country for the purpose of carrying out the provisions of this act;

"(3) satisfactory assurance that an amount of dollar exchange, equivalent to the dollar exchange used by such country during the fiscal year beginning July 1, 1952, for the importation from the United States of each commodity covered by the agreement, will be made available by such country during the fiscal year beginning July 1, 1953, from sources other than dollar exchange made available under this section of the act for the purchase of each such commodity; and

"(4) that the purchase of agricultural commodities produced in the United States with dollar exchange provided under such agreement shall be conducted through private trade channels."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Arkansas, as modified.

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for a quorum call be vacated, and that further proceedings under the call be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STENNIS. Mr. President, I think we clearly realize the need for some kind of program dealing with farm surpluses or agricultural commodity surpluses. This is not a temporary problem. It will recur from year to year, or at least from time to time, because the agricultural segment of our economy will require some kind of effective farm program in the nature of price supports, and at times that will involve surpluses.

In my judgment, the amendment of the Senator from Arkansas [Mr. McCLELLAN] comes nearer than anything else before the Senate toward envisioning a long-range view of some kind of permanent program that can be worked out by trial and error or by experiment through the mutual security program.

It has the added virtue that it does not contemplate another plan to give away something, but it is based on the sound principle of getting something in return for the goods. At the same time it follows the old, sound principle of human nature, that one who helps himself will receive help from others.

There is another phase of the plan proposed by the amendment that I think gives rise to hope for permanence, because, like it or not, I think there will be some type of mutual security program for many years to come. Under the part of the plan that will create funds in foreign countries, we will supply commodities, and take foreign currency, rather than demand dollars. Their money will be left within the country, to be spent at home. Certainly it would be in line with our present needs relating to military construction.

I am not at liberty to disclose all the figures I have before me, because they involve the numbers of men stationed in various places, but everyone knows that we are spending thousands of dollars for military construction in foreign countries. Much of the military construction is to be used by our men, but eventually it will become the property of those countries.

A subcommittee of the Committee on Armed Services, headed by the Senator from South Dakota [Mr. CASE], at his suggestion, compiled figures not long ago. It was disclosed that under the present mutual security program or its predecessor approximately \$20 million in funds is available in France that could be spent for military construction.

The Senator from South Dakota turned over the figures to the Committee on Appropriations, in the hope that the Committee on Appropriations would require that the funds be used for military construction. In the course of the investigation, he ascertained that there were \$220 million in applications, or for possible uses, and only \$20 million available.

So there is a demand for this type of funds. There is a demand greater than 10 to 1 for funds that were not spent in the foreign countries, whether available in so-called counterpart funds or otherwise.

This plan will supply commodities to people who need the commodities in their

hands. To a great extent, it will relieve us of surpluses not needed in the United States for the time being. We will take the money or currency of the using nations. They will be permitted to pay for the commodities with their own money, and we will then spend that money in their countries.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. STENNIS. I yield.

Mr. ROBERTSON. Is it not true that the report on the pending bill shows that the Mutual Security Agency has a fund of approximately \$12 billion, most of which has been obligated but not spent, a part of which is for rehabilitation, for which we receive definite counterpart funds, and that those funds, aside from the \$5.3 billion, or whatever amount Congress might provide in the budget, would leave enough to help further the program the Senator from Mississippi is discussing?

Mr. STENNIS. That is correct. I have no illusions about any great or immediate accomplishments through this amendment toward disposing of our agricultural surpluses. It will help somewhat along that line, but I believe that within the terms of the amendment lies the germ of a plan that can be developed by trial and error into a real, permanent system of benefit to us and to the people who would use the commodities. Certainly it is not inconsistent with any larger scale plan which might be adopted as a temporary measure in accordance with the President's message which was received yesterday afternoon. There is no conflict between the amendment and some type of temporary bill that might be passed later in the session, based upon that recommendation.

Let us place this amendment in the bill and use it as a trial and error method in an effort to work out some plan in the future to take care of the recurring problems of agricultural commodity surpluses.

I strongly support the amendment.

Mr. KNOWLAND. Mr. President, I rise in opposition to the amendment of the Senator from Arkansas. My opposition is based primarily upon the action the opposition raised last night to various amendments having different connotations of the same general idea as has been presented today.

It has been pointed out that the chairman of the Committee on Agriculture and Forestry has before that committee proposed legislation on this subject. There is no question about it, from what the distinguished Senator from Vermont has said, that hearings will be held, and that the committee will give full consideration, and it will, I believe, give prompt consideration to the several proposals.

In fairness, I should say that the distinguished Senator from Arkansas [Mr. McCLELLAN] has developed the thought regarding the situation in such a way that I believe it is entirely possible that more permanent and more far-reaching legislation might take the general path the Senator from Arkansas has indicated in his amendment. As he has said, he did not intend his amendment to be a

giveaway proposal, but I believe that under all the circumstances the amendment should not be attached to the mutual security bill.

The effect of this amendment would be to authorize the Appropriations Committee to earmark some portion of the funds, requested by the administration for military assistance programs, to be used instead to purchase American surplus agricultural commodities, with equivalent amounts of local currency collected from the foreign importers being used to procure military equipment, materials, and services in the country where such local currency was acquired.

For the reasons outlined by MSA and the Defense Department they are opposed to this amendment. In the first place, the amendment is undesirable because it would constitute a departure from the sound principle that MSA appropriations should not be earmarked for particular commodities to promote the interests of special groups of producers. Once this rule is breached, the doors are open to demands for similar privileges for any other group, and the impression would be created that the military aid program would then be transformed to a program to unload American surpluses on other nations regardless of their needs.

In the second place, it would not be possible for the Appropriations Committee to estimate with any degree of accuracy the portion of military end-item funds which could be diverted, or tied down, to the purchase of surplus agricultural commodities. It has been estimated during the hearings that the administration intends to use well in excess of \$1 billion of the military end-item funds authorized under section 540 of the bill for offshore procurement of military end-items and services in Europe. If the proposed amendment were adopted and the appropriations act thereafter specified that any substantial portion of the amount intended for offshore procurement should be available only to the extent tied down to the purchase of American surplus commodities, it is probable that the military end-item procurement objectives of the new legislation would not be met. This is because the countries in which it is proposed that we place offshore procurement orders would be unable to utilize fully and effectively such earmarked funds. The prices of some of the American surplus agricultural commodities are at present so high in relation to world prices that private importers in the countries receiving military aid would in many cases refuse to use dollar exchange made available under the proposed plan to buy American agricultural commodities.

Meritorious as this proposal may be, considered from the standpoint of either temporary or permanent legislation, the orderly way to take care of the subject is to have the amendment considered by the Committee on Agriculture and Forestry. I have talked with the distinguished chairman of the Committee on Agriculture and Forestry [Mr. AIKEN]. He stated that he hoped the Senator from Arkansas would appear before the com-

mittee. It might well be that, after considering the legislation which the President proposes with reference to the relief of famine and emergency conditions, the Congress, in its judgment, would wish to enact permanent legislation of broader scope.

Frankly, I think the Senator from Arkansas has many excellent points in his proposal. I consider it to be an improvement in many respects on some of the other proposals which have been made. However, in view of the fact that the Committee on Foreign Relations heard testimony in this regard and determined, in drafting this legislation and presenting it to the Senate, that proposals for the disposal of surplus commodities should not be included in the bill; and in view of the fact that both the Mutual Security Administration and the Defense Department feel that it would be a mistake to include language such as this in the pending bill, I hope the Senate will not include it in the Mutual Security bill, but that the Committee on Agriculture and Forestry will consider it, along with the other proposals which have been made.

Mr. McCLELLAN. Mr. President, the statement was made this afternoon by the distinguished junior Senator from Oklahoma [Mr. MONRONEY] that he did not wish to wreck the program. Let me say, in all kindness and deepest sincerity, to all Members of this body, that the way to wreck the program is to continue to fail to find a way to provide some reciprocal benefit from the program. We can wreck the program by such a failure. We hear people say that they are becoming disgusted with the entire program. Some say, "Let us do something for once to help America a little."

I cannot understand why the Mutual Security Administration, which I am sure is going to support the President's proposals to make surpluses available for dumping or giving away, should oppose every effort to find some way to get a little something in return. I cannot understand the logic or reasoning of the Mutual Security Administration.

We can wreck this program. The American people want to provide some assistance. They want to provide mutual security. But they are tired of a one-way street. This amendment would open up a little avenue for increasing trade in commodities of which we have a surplus in this country, and which other people need.

Mr. President, I hope the amendment will be agreed to. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senator answered to their names:

Aiken	Bush	Cooper
Anderson	Butler, Md.	Cordon
Barrett	Butler, Nebr.	Dirksen
Beall	Carlson	Douglas
Bennett	Case	Dworshak
Bricker	Chavez	Eastland
Bridges	Clements	Ellender

Ferguson	Johnston, S. C.	Pastore
Flanders	Kennedy	Payne
Frear	Kerr	Potter
George	Knowland	Purtell
Gillette	Kuchel	Robertson
Goldwater	Langer	Russell
Gore	Long	Saltonstall
Green	Magnuson	Schoeppel
Griswold	Malone	Smathers
Hayden	Mansfield	Smith, Maine
Hendrickson	Martin	Smith, N. J.
Hennings	Maybank	Sparkman
Hickenlooper	McCarran	Stennis
Hill	McCarthy	Symington
Hoey	McClellan	Taft
Holland	Millikin	Thye
Humphrey	Monroney	Watkins
Hunt	Morse	Welker
Jackson	Mundt	Wiley
Johnson, Colo.	Murray	Williams
Johnson, Tex.	Neely	Young

The PRESIDING OFFICER. A quorum is present. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. SALTONSTALL. I announce that the Senator from Pennsylvania [Mr. DUFF] and the Senator from Indiana [Mr. JENNER] are necessarily absent.

The Senator from Indiana [Mr. CAPEHART], the Senator from New Hampshire [Mr. TOBEY], and the Senator from New York [Mr. IVES] are absent by leave of the Senate, the Senator from New York having been appointed a delegate to attend the International Labor Organization Conference at Geneva, Switzerland.

Mr. CLEMENTS. I announce that the Senator from Virginia [Mr. BYRD] and the Senator from West Virginia [Mr. KILGORE] are absent on official business.

The Senator from Texas [Mr. DANIEL], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from New York [Mr. LEHMAN] are absent by leave of the Senate.

I announce further that, if present and voting, the Senator from Tennessee [Mr. KEFAUVER] would vote "yea."

The result was announced—yeas 49, nays 35, as follows:

YEAS—49

Barrett	Hoey	McClellan
Case	Holland	Monroney
Chavez	Humphrey	Mundt
Clements	Hunt	Murray
Dworshak	Jackson	Neely
Eastland	Johnson, Colo.	Payne
Ellender	Johnson, Tex.	Potter
Frear	Johnston, S. C.	Robertson
George	Kerr	Russell
Gillette	Kuchel	Smathers
Goldwater	Langer	Sparkman
Gore	Long	Stennis
Green	Magnuson	Symington
Griswold	Malone	Welker
Hayden	Maybank	Young
Hennings	McCarran	
Hill	McCarthy	

NAYS—35

Aiken	Dirksen	Pastore
Anderson	Douglas	Purtell
Beall	Ferguson	Saltonstall
Bennett	Flanders	Schoeppel
Bricker	Hendrickson	Smith, Maine
Bridges	Hickenlooper	Smith, N. J.
Bush	Kennedy	Taft
Butler, Md.	Knowland	Thye
Butler, Nebr.	Mansfield	Watkins
Carlson	Martin	Wiley
Cooper	Millikin	Williams
Cordon	Morse	

NOT VOTING—11

Byrd	Fulbright	Kilgore
Capehart	Ives	Lehman
Daniel	Jenner	Tobey
Duff	Kefauver	

So Mr. McCLELLAN's amendment, as modified, was agreed to.

Mr. GOLDWATER. Mr. President—
The PRESIDING OFFICER (Mr. GRISWOLD in the chair). The Senator from Arizona.

Mr. AIKEN. Mr. President—

Mr. GOLDWATER. Does the Senator from Vermont wish to make an insertion in the RECORD?

Mr. AIKEN. No. I have an emergency bill to introduce. I wish to try once more to maintain our economy.

Mr. GOLDWATER. Mr. President, I call up my amendment identified as "6-30-53-B," which lies at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 3, in line 23, after the word "States", it is proposed to insert a colon and the following:

Provided, That no such expenditure shall be made until the Government of France gives satisfactory assurance to the President of the United States that an immediate declaration will be made to the people of the Associated States setting a target date for the adoption of a constitution for such States, and for the establishment of their complete independence.

Mr. GOLDWATER. Mr. President, 177 years ago this week a group of men met in Philadelphia and labored over a declaration, and 177 years from Saturday next, the 4th of July, the great patriot, Thomas Jefferson, reported the Declaration of Independence.

I should like to call the attention of the Senate to the first sentence of the second paragraph of that Declaration:

We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable rights, that among these are life, liberty, and the pursuit of happiness.

Mr. President, I also wish to call to the attention of the Senate the fact that that great man, Thomas Jefferson, and the other great men associated with him, in their wisdom, by adopting that Declaration, said that all men are created equal, and that all men—not some men—are endowed by their Creator with certain unalienable rights.

Mr. President, the same doctrine was expressed wonderfully here the other day by the able Senator from New Jersey [Mr. SMITH], when he said:

The United States has never been a colonial power in the European sense. Where we have acquired colonial interests, our record of enlightened administration and of steady progress toward self-government and independence is second to none. Cuba, the Philippines, Puerto Rico, Hawaii, and Alaska are living testaments to our good faith in this regard. In view of our history, we could not have done otherwise. We, ourselves, were once part of a colonial empire. Americans, of all people, understand and sympathize with the desire of people everywhere to shape their own destinies and to forge their own futures.

Mr. President, in the pending bill, Senate bill 2128, to which I have offered my amendment, in section 304, on page 3, there appears an item of \$400 million that is to be spent "for the procurement of equipment, materials, and services required by and are to be made available to, or are necessary for the support of, the forces of France and the Associated States of Cambodia, Laos, and Viet-Nam."

Mr. President, for 7 long years a war has been raging in that area. The people who live there have been fighting for the same thing for which 177 years ago, the people of the American Colonies fought. The people of the Associated States of Cambodia, Laos, and Viet-Nam are fighting for freedom. Many, many times during the past 7 years France has made promises to these people that their independence will be forthcoming, that they will be allowed the opportunity to write a constitution and to become free people.

Yet here today, on the floor of the United States Senate, we are proposing to support a country, France, that has colonial intentions; we are going against the wonderful second paragraph of our Declaration of Independence, which probably is the greatest collection of words that has ever been written by men in their attempts to govern themselves. We are saying to the great men who penned that document and whose ghosts must haunt these halls, that we do not believe entirely in the Declaration of Independence, that perhaps all men are not created equal, that perhaps they are not endowed by their Creator with certain unalienable rights, and that perhaps we have a right to support countries who wish to enslave other peoples.

Mr. President, the purpose of my amendment is to say to France, "If we give you this money, we expect you to do something in return for it"—because, Mr. President, as surely as day follows night, our boys will follow this \$400 million.

The one way to stop it is to ask France, in the decency the French possess, to grant independence and the right of freedom to these people, who have fought so long for their independence and freedom.

Mr. CASE. Mr. President, will the Senator from Arizona yield to me?

Mr. GOLDWATER. I yield.

Mr. CASE. Mr. President, from the standpoint of the cold war, there is no amendment that could be offered to this bill that would be more important than the amendment which has just been offered by the Senator from Arizona.

People have forgotten how we got into this peril in Indochina. But on August 13, 1950, almost 3 years ago, we began to send military aid there. We sent that military aid in connection with a proclamation which the then President of the United States, Harry Truman, made in the inauguration of a Voice of America broadcast.

I hold in my hand the New York Times of August 14, 1950. Mr. President, with the indulgence of the Senator from Arizona, I should like to read 3 paragraphs of the article regarding the broadcast, to show that the United States was committed to the principle at that time.

Mr. Truman said:

With the inauguration of the Vietnamese language broadcast of the Voice of America, the people of the United States will have an immediate means of communication with the people of the Associated States of Viet-Nam, Laos, and Cambodia for the purpose of developing mutual understanding and friendly relations.

The United States has begun an economic assistance program which was developed after direct discussions with the leaders and technicians of Indochina. This program is designed to stimulate conditions under which the people of Indochina may develop institutions compatible with their religion and culture which will best serve the interests of the people.

Mr. President, note the following, please, from the same statement by the then President Truman:

Military assistance is also being extended to provide the internal security for a vigorous, healthy, and prosperous life in Viet-Nam, Laos, and Cambodia. These programs of economic and military assistance have been developed to assist you. I hope you will study them, understand them, and support them.

Then there is the following concluding paragraph:

Americans have looked with sympathy upon the desires of the people of Viet-Nam, Laos, and Cambodia for self-government within the French Union. On this occasion, I wish to extend my greetings to the men and women of the Associated States of Indochina and to your leaders who are working so that the Associated States within the French Union may take their place among the other free nations of the world.

Mr. President, within the past week we sent a new military mission to Indochina. I hold in my hand a clipping from the Washington Post of Tuesday, June 23, 1953, which was within the past week, containing an Associated Press dispatch from Saigon, Indochina, reading as follows:

SAIGON, INDOCHINA, June 22.—Well-informed American sources here today said the United States will ask to participate directly in military planning against the Communist-led Viet Minh in a new program promising vastly-stepped-up supplies of United States arms.

Mr. President, the military program began 3 years ago when we sent some motorized equipment, consonant with the statement made at the time by President Truman. But within the past week—and now I return to the reading of the Associated Press dispatch of June 22:

A top-level United States military mission headed by Lt. Gen. John W. O'Daniel, United States Army Pacific commander, arrived here Saturday. An announcement said it was essential to integrate closely United States assistance with the plans developed by the authorities of France and of the Associated States of Viet-Nam, Cambodia, and Laos.

French sources said they had no knowledge of any application for direct American participation in the planning of operations. France in the past had been opposed to such a move.

On the very same day, June 26, there came from Bangkok an Associated Press dispatch from which I read:

A Cambodian government spokesman said today "Cambodians are ready to die for independence. This means an independence war but the king is first watching French movements and awaiting initiative."

The spokesman, Krengnill, said young King Norodom Sihanouk authorized the statement.

The dispatch continues at some length. Other dispatches appeared at that time. In other words, today we are increasing our military aid in this area. It has

gone in apparently without the application or consent of the French; but the eyes of France are undoubtedly on it, for in the New York Times of Tuesday, June 30, there was another dispatch by the United Press from Phnompenh, Cambodia, from which I read:

Cambodian Army units moved into this capital today and took over all official buildings as tension between the French and Cambodians mounted. The army command, apparently by direction of King Norodom Sihanouk, ordered in reinforcements to offset a similar move by the French last Friday.

Last week the French sent several battalions of colonial infantry and marines into Cambodia to protect French lives and property in case of emergency.

Many units of the royal army are commanded by French officers.

The dispatch continues:

French officials awaited anxiously the decisions of the new Paris Government on Cambodian demands for full independence as the only means of preventing further deterioration of the situation.

Mr. President, I have risen to support the amendment of the Senator from Arizona, because it seems to me the Senate ought to realize that it is here proposed that we take action which will definitely go into the statutes for the first time, listing the names of France and Cambodia and Laos and Viet-Nam. We started on this 3 years ago through the proclamation of the President, under which aid was sent to China; but in the pending bill it is proposed that we specify these 3 countries.

Mr. President, are we going into the Far East for the purpose of sustaining the French colonial rule, or are we going there to become an ally of these three states that are seeking their independence, to try to get them on their feet and then to help them resist the aggression or onrush or operation, whatever it may be, of the Communists? That is the issue.

The Senator from Arizona has correctly posed the issue before the Senate by saying we should declare that this aid will become available only if and when the French Government clearly fixes a date for the independence of the three states.

The United States achieved some strength in its position in the Pacific when we fixed a date for the independence of the Philippines. That strengthened our hand in the Pacific area. But what the Senator from Arizona is saying is that we should strengthen our hand in the cold war by asking the French, before they receive this aid, before they use it simply as a means of repressing the desires of these states for independence, to pick the date for the independence of these three states, and then our aid can be given in the true sense of which the Senator from Arizona speaks, to encourage the spirit of courage and strength of these people who are associated together against the forces of communism.

I commend the Senator for offering the amendment. I think it is altogether important that it be adopted. Without it we shall be in the position of giving

aid to those countries or of going into those countries in order to sustain the position of a French colonial empire, and to suppress the desires for independence. It will be an intolerable position for us, and it will plague us from now on, if we fail to adopt this amendment.

Mr. GOLDWATER. I thank the distinguished Senator for his contribution.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. GOLDWATER. I yield to the Senator from Washington, who has just returned from the section of the world of which we are speaking.

Mr. MAGNUSON. I should like to say to the Senator from South Dakota that the situation is not quite so simple as he indicates, although I think I am somewhat in agreement with him. The Senator from Illinois [Mr. DIRKSEN], who went with me to Indochina, whence we returned about 10 days ago, knows that we talked not only to many of the French people there, but we also talked to our own people and to many of the Vietnamese on both sides. We talked to them about their desire to have an independent status.

I do not think I can say categorically that the French are using the equipment furnished to them merely for the purpose of sustaining a poor, archaic, colonial establishment. It is true, however, that some of the French who are present in those countries are colonials, though I do not know that we could say categorically to France herself that the money we are providing is being spent to increase and make more firm her colonial empire. It is being used to fight communistic influence, not only in Viet-Nam, but throughout the entire southeastern part of Asia. The Senator from Illinois may correct me if I am in error in what I say, but I think we came to the conclusion after all our conferences and after seeing all the things that came to our attention, that sooner or later France must assure the people in question that they are going to have an independent status. If she does not, she could then go ahead to win a military victory and still not have the people of those three states with her.

Whether we should state our position on this question in a bill such as the pending measure I do not know. There are three factors involved. There is, first, the problem of French colonialism. Second, there is the problem of independence. Third, there is the problem of the Communists, who are using independence as a means whereby they hope to recruit some of these people and continue the communistic war in southeastern Asia. The way in which the King of Cambodia dramatized this situation was on the basis of independence; but there is also the Communist angle, and, once the French were to leave, or once we were to stop our aid, should the Communists, using independence as a screen, come in and take over Viet-Nam, then in my opinion—and it is only my own personal opinion—we might say, "There goes southeastern Asia." So we think these questions are important. It is not quite so simple as is supposed.

I desire to say, because I think it very important, that we have approximately 70 men in our military missions. Our general who is in charge of the men is, in my opinion, a man of ability. He knows what he is doing.

We also know where the equipment is going. A pretty thorough check was made on it. The equipment is being used very effectively. It is true it is being used by the Vietnamese Army, and that Army is being used by the French.

How many troops the French have within that area I do not know. The Senator from Illinois and I had an opportunity to review the Vietnamese troops on their 4th of July. It was a small army, but most of the fighting is being done by the Vietnamese themselves. Many of them consider the struggle to be a civil war, although the Communists have come in to take advantage of what may be termed guerilla warfare. We have seen that the Vietnamese and the French hold the ground in the day time, and the Viet-Nam Communist forces hold it at night. The Senator from Illinois and I heard in Saigon, the capital of French Indochina, that on one occasion they had met with some of our officials. There were armed guards outside, and there were lights on the bushes, in order that someone might not take a potshot at the Americans. That is the kind of war that is going on there.

France is putting into the Indochinese war approximately a billion and a half dollars, possibly more than that. I remind Senators that a billion and a half dollars in the French budget is a considerable item.

I suspect in part the trouble France is encountering today in connection with the formation of her cabinets is the issue of Indochina. It has been one of the major issues. France has failed to form a cabinet because of that issue. If France pulled out of that area and if we did not go ahead with this equipment, although Vietnamese independence is a part of the picture, the Communists would move right in. I do not like either French colonialism or communism, but if the latter should result, the people would have a government worse than the French colonialism has inflicted upon them.

I am inclined to agree with the conclusions of the Senator from Arizona [Mr. GOLDWATER], and I think the Senator from Illinois [Mr. DIRKSEN] would also agree, but whether the amendment should be placed in the pending bill, stated so categorically, I do not know, because three or four complex problems are involved. It is a serious situation. There are a large number of French people who want to go ahead. Whether they can succeed or not I do not know, but they are trying to work it out.

We have sent some economic aid which has been administered quite well.

The emphasis has been placed upon medical information and treatment and education. We have heard of instances of teams being sent into the villages where there is eye trouble among the population, and those fighting on the other side will cross the line and obtain

treatment, and then go back to fight the next day. We have furnished treatment for their eyes.

It is a serious problem. The Senator from Illinois and I impressed this upon the President of the United States when we made our report, in the hope that the situation would be brought up in the Bermuda conference. I hope it will be taken up on July 10 when the meeting will be held in Washington.

The Senator from Illinois and I spent 5 or 6 days interviewing people. In that time it is possible to see nearly everyone in Saigon except the guerillas in the hills. We talked to many persons on all sides of this question, but the thing that impressed me most was the importance of not allowing Communists to take over because of the effect such a thing would have upon the rice bowl of southeastern Asia. I think it would be only a matter of time before we lost central Asia.

Mr. CHAVEZ. Mr. President, will the Senator from Arizona yield?

Mr. GOLDWATER. I shall be happy to yield as soon as I answer the Senator from Washington.

Mr. President, I realize full well the implications mentioned by the Senator from Washington. In fact, I debated with myself at some length as to whether to submit an amendment such as this, feeling that during the past 20 years we have considered that in our foreign relations it was wrong to interfere in the internal affairs of any other Nation. This country has given away billions of dollars to stop communism, but I do not believe we have given much money to East Berlin. The people of East Berlin are among the few who have ever put up any kind of a fight against communism. They did it with fists and rocks in their determination to secure freedom.

I realize that it is a three-legged affair in Indochina, but why can we not support one strong leg of the desire for freedom? The desire of man for freedom cannot be defeated. The East Berliners showed us that a few days ago. I am glad the Senator from Washington has brought up that point, because it is an important thing to consider.

Mr. President, I now yield to the Senator from New Mexico.

Mr. CHAVEZ. Mr. President, I desire to congratulate the Senator from Arizona for offering his amendment. I heard him read from the Declaration of Independence, and I think that if the amendment of the Senator from Arizona is not adopted, we shall have no justification whatsoever to vote for the bill.

Mr. President, the same kind of an argument—communism was not involved in those days—was made against the American Colonies at the time they engaged in the struggle with England. Who was it who dared to plot against England in those days and fight for the freedom of the Colonies? It was France herself. While the Colonies were fighting for freedom, Mr. Franklin was in France appealing to the liberty-loving emotions of the French people, and finally convinced them that it was to the interest of free people everywhere that France support the American Colonies.

I am very happy the Senator from Arizona has offered his amendment. It has been stated in American magazines and over the radio by commentators that once upon a time the French Intelligence Service captured a poor Indochinese fellow who was plotting against the French. They wanted to get some information as to his political philosophy. They asked him, "For what are you fighting?" He replied, "A handful of rice."

Under the terms of the amendment it may be that the poor natives who also believe in freedom and liberty may get a second handful of rice.

Mr. President, I am glad to be associated with the Senator from Arizona in supporting his amendment.

Mr. GOLDWATER. I thank the Senator from New Mexico.

Mr. AIKEN. Mr. President, will the Senator from Arizona yield?

Mr. GOLDWATER. For what purposes?

Mr. AIKEN. I should like the floor for a few minutes in my own right, after the Senator completes his statement. I have a very important matter to present.

Mr. GOLDWATER. Mr. President, I yield the floor.

Mr. DIRKSEN. Mr. President, I should like to say that I concur very substantially in the observations made by my colleague from the great State of Washington [Mr. MAGNUSON]. I found him a most congenial traveling companion. After we had finished our program in Indochina I think we saw nearly eye to eye with reference to the basic problem in that country.

We are fully sensible to the fact that a very complicated situation exists in Indochina. We are dealing with three loose governments. The largest of the three is Viet-Nam, with a population of approximately 24 million.

If the French interest were the only thing involved, I would not be so zealous about the amendment offered by the Senator from Arizona, but the fact is that we have an interest just as important. When we send \$500 million worth of equipment to a country 12,000 miles from home, we have committed our country. That is precisely what we have done.

The Senator from Washington and I kept pretty careful notebooks, and we have come to the conclusion that, first of all, the purpose of American aid in the associated states is to win a victory; second, we cannot win a victory unless we have mass support; third, we cannot get mass support unless we define and establish an objective.

I think my colleague from Washington will bear me out when I say that involved in the problem are, No. 1, the Vietnamese who are integrated in the French union forces. No. 2, the Red enemy; and, No. 3, the fence-sitters. So far as I know, they are probably evenly divided. Everyone who has had a chance to make observations there—and I believe I paraphrase the observations of more than 50 people who have reported to us in that area—says that a victory cannot be won unless there is mass support, and that there will be a continuing military stalemate, no mat-

ter how much equipment is sent, until, first, the ideological problem is solved.

It is not alone for the French to define the objective; it is for us to define it with them, because we have sent equipment, planes, antiaircraft guns, small arms, ammunition, and practically everything else needed to win a war. All of us in this country are up to our necks in Indochina today. So let us not dissociate ourselves. Let us place the problem on a dual basis.

We must make an assertion as to what the objective shall be for the humble people of Viet-Nam and the Associated States, and we must insist that the French join with us, as a condition for additional aid. If we do not, the stalemate continues—we have been engaged now for more than 7 years over there, and are no closer to victory than we were when we started—I simply say that the country is a potential Korea, unless we go back to the great tradition of America, which will be observed this week, when we add the 177th candle to the Nation's birthday cake. We cut the chains of colonialism 177 years ago, and we must not depart from character. We must make sure that other humble people have an equal opportunity.

I respectfully suggest to the Committee on Foreign Relations, first, that they accept the amendment; second, that they take it to conference; third, that they consult the State Department and others to see whether or not acceptable language can be contrived. I am confident that if the Senate accepts the amendment on that condition, a wave of assurance and encouragement will go across half the earth, to the other side of the globe where we sit and contemplate this afternoon. We will lift the hearts and spirits of humble people. In my considered judgment, we will accelerate the end of the very vicious, difficult conflict that has no battleline, where the line changes night and day from Viet Minh to the French, and back again; a conflict that can deeply involve our country and bring us great embarrassment.

Mr. SMITH of New Jersey. Mr. President, will the Senator from Arizona yield?

Mr. GOLDWATER. I yield to the Senator from New Jersey.

Mr. SMITH of New Jersey. I wish to ask one or two questions. I appreciate the statement of the Senator from Arizona with reference to my remarks on Monday, because the Senator knows I am entirely in accord with the views he has expressed. I am disturbed from the standpoint of a delicate situation which I am reasonably confident exists today, in relation to an attempt being made, in a matter which has been before us in private discussions to bring about action and cooperation on the part of the French to attain the very objectives which the Senator from Arizona seeks to reach.

I am not clear in my own mind that it would be right for us to declare an ultimatum so strong as the Senator has proposed in his amendment. If we could adopt other language that would indicate our support for the Vietnamese and other native people and the French, in

an effort to enable them to arrive at freedom and independence, and solve the question on a basis whereby the country would be safe against the present menace of communism that is sweeping down over them, I would be more favorable to the proposal.

A part of the problem there is the Communist menace. We cannot leave those people alone. We cannot simply say to the French, "Give those people freedom." They need our help, and the help of the French, in order to bring about the very objective the distinguished Senator from Arizona is seeking.

I wonder whether it would not be possible to modify the language of the amendment which the Senator suggests by some language which would express the same idea he has in mind, but which would not give the ultimate impression that we were attempting to pinpoint the French as the difficult problem. I know from my acquaintance with certain French people that this matter has been worked on for many months. They are trying to devise a formula to settle the problem, while, at the same time, giving adequate protection, with our support and French support, to the Vietnamese against the danger of imminent Communist invasion.

The Senator from Massachusetts [Mr. KENNEDY] has an amendment which is not quite so strong and not in such pinpointing terms as that of the Senator from Arizona. It is possible that a modification of that amendment might be offered as a substitute for the amendment of the Senator from Arizona, or that a combination may be made of the amendment of the Senator from Massachusetts and the amendment of the Senator from Arizona.

I am entirely in sympathy with what the Senator from Arizona is seeking to do, but I do not want to put it in the form of an amendment which, if accepted, may cause complications in a situation that is oversensitive.

Mr. DIRKSEN. Mr. President, will the Senator from Arizona yield?

Mr. GOLDWATER. I will yield in a moment.

As I have said, I gave this subject much thought, recognizing that the United States has, in negotiations with France, brought up the question repeatedly. I have heard repeated promises from France on this subject. I wrote the amendment in strong language so that there would be no misunderstanding.

We who live in the West have never learned to use polite, evasive language. Maybe that is a fault of westerners; but if the language is what we want, it is put down as we want it. If we feel that the French should take the action, I think the thing to do is to tell them so. If other language can be suggested that will accomplish the same purpose, I have no objection to changing my amendment. I have no pride of authorship. My desire is merely to accomplish something that will prevent many of our boys from ending up in the jungles of southeastern Asia.

Mr. KNOWLAND. Mr. President, will the Senator yield at that point?

Mr. GOLDWATER. Yes, gladly.

The PRESIDING OFFICER. The Chair would remind the Senator that objection was made, and, therefore, he may not introduce the bill at this time.

Mr. AIKEN. Very well.

Mr. MAGNUSON. Mr. President, I did not object. If what I said was understood to be an objection, I withdraw the objection.

Mr. AIKEN. I may say to the Senator from Washington—

The PRESIDING OFFICER. The objection has been withdrawn, and the Senator from Vermont may proceed.

Mr. AIKEN. Mr. President, the bill which I am offering on behalf of the Senator from New Mexico [Mr. ANDERSON] and myself proposes to amend Public Law 38, 81st Congress, to give additional authority for helping farmers and stockmen in emergencies such as now exist in the disaster and flood areas.

The bill would provide supplemental sources of credit for farmers in disaster areas. It would facilitate the administration of programs for furnishing feed and seed to farmers in areas determined by the President to be disaster areas.

All loans and expenditures provided for in the bill would be made from the disaster-loan revolving fund established by Public Law 38, 81st Congress—approved April 6, 1949.

Public Law 38 dissolved the Regional Agricultural Credit Corporation and transferred the assets of the revolving fund—amounting to \$45.5 million—created by section 84 of the Farm Credit Act of 1933, as amended, to the new disaster loan revolving fund. An additional \$30 million was added to the fund by the Flood Rehabilitation Act, 1952, in October of 1951 to take care of additional needs arising out of the floods in Kansas, Missouri, and Oklahoma.

As of June 12, 1953, there was a balance of approximately \$17 million in this fund, with anticipated collections of \$36 million during the fiscal year 1954 which, if realized, would make approximately \$53 million available during the course of the year. Since much of the money is loaned out in the drought area already, it now seems unlikely that collections will be as good as estimated.

Loans for production disasters presently authorized under Public Law 38 have varied from about \$21 million to \$50 million each year since the establishment of the fund. The balance on hand in the fund would be enough to start the program provided for in the bill. The programs authorized in the bill, however, will very likely involve substantial funds. Therefore, immediate consideration will have to be given to requesting an addition to the revolving fund.

The following is a brief analysis of the bill:

1. Section 2 (b), economic disaster loans: This section would authorize loans to farmers and stockmen in areas determined by the President to be major disaster areas, if the Secretary found that an economic disaster, such as price declines, had also caused a need that recognized lenders, including Farmers' Home Administration, could not meet. The bill contemplates that the authority would be relied upon only for temporary periods. It could be used to meet

emergency situations in such areas where Farmers' Home Administration was out of money, until the matter could be brought to the attention of the Appropriations Committees of the Congress.

2. Section 2 (c), special livestock loans: This provision, which is largely self-explanatory, sets up a lending authority out of the old RACC revolving fund, substantially similar to the authority of the regional agricultural credit corporations, which have been liquidated. The administrative and procedural work of making and collecting the loans would be handled by Farmers' Home Administration. The approval of the loans, however, would be by committees designated by the Secretary for areas of 5 or 6 counties, meeting perhaps once each week, and loan servicing would be under the jurisdiction of those committees. Loans in excess of \$50,000 would have to be approved by the Secretary.

Under the bill a rancher or a stockman, in order to get a loan, would need to have a reasonable chance of working out of his difficulties with this supplementary financing, and if existing creditors were willing to cooperate. The borrower would give such security as he had available. Existing creditors would not be asked to subordinate their indebtedness, but would be expected to cooperate by giving standby agreements.

The authority for making these livestock loans would be limited to a period of 2 years.

3. Section 2 (d), emergency assistance in furnishing feed and seed: This section would enable the Department to continue to do substantially what it is now doing in the way of helping farmers get feed and seed in the disaster areas as determined by the President. The Department would not have to rely upon the President's emergency fund, however, for the money necessary to carry on the functions. It would use funds in the revolving fund for those purposes, and that fund would be under the jurisdiction of the Secretary of Agriculture.

It has been recognized for some time that the Department of Agriculture should have its own funds with which to carry on these functions for farmers when the President finds that assistance is required by an emergency.

4. The last section of the bill makes technical amendments to the existing provisions of Public Law 38, so as to make it possible to use the revolving fund for the purposes of these amendments. It also carries an authority for additional appropriations to be made to this fund in the regular way.

Mr. President, I ask unanimous consent that the bill, which is not long, be printed in the RECORD. I also ask unanimous consent that if other Senators wish to join in sponsoring the bill, they may do so. For that purpose, I ask that the bill lie at the desk for an hour, so that if there are other Senators who desire to be cosponsors in this effort to assist the administration in helping to maintain a prosperous agriculture in the United States, they may have an opportunity to do so. I make this request for the reason that several Members of the Senate have indicated a desire to join in sponsoring the bill, but I have not had an opportunity to see them this afternoon.

The PRESIDING OFFICER (Mr. BUSH in the chair). Without objection, it is so ordered.

There being no objection, the bill (S. 2267) to amend the act of April 6, 1949, to provide for additional emergency assistance to farmers and stockmen, and for other purposes, introduced by Mr.

AIKEN (for himself, Mr. ANDERSON, Mr. YOUNG, Mr. LANGER, Mr. MUNDT, Mr. BARRETT, Mr. CASE, Mr. JOHNSON of Texas, Mr. CLEMENTS, Mr. STENNIS, Mr. MONRONEY, Mr. McCLELLAN, Mr. KERR, Mr. JOHNSON of Colorado, Mr. McCARRAN, Mr. MILLIKIN, Mr. THYE, Mr. DANIEL, Mr. SCHOEPPPEL, Mr. BENNETT, Mr. CARLSON, Mr. WELKER, Mr. GILLETTE, Mr. BRICKER, Mr. MALONE, Mr. TAFT, Mr. KUCHEL, Mr. GOLDWATER, Mr. WATKINS, Mr. DWORSHAK, Mr. COOPER, Mr. KNOWLAND, Mr. HENDRICKSON, Mr. HICKENLOOPER, Mr. JACKSON, Mr. EASTLAND, Mr. JOHNSTON of South Carolina, Mr. HOEY, Mr. HOLLAND, Mr. DOUGLAS, Mr. MANSFIELD, Mr. MORSE, Mr. HUNT, Mr. MURRAY, Mr. KEFAUVER, Mr. FULBRIGHT, Mr. GREEN, Mr. HILL, Mr. SPARKMAN, Mr. MAYBANK, Mr. HUMPHREY, Mr. BUTLER of Nebraska, and Mr. GRISWOLD), was received, read twice by its title, referred to the Committee on Agriculture and Forestry, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That section 2 of the act of April 6, 1949 (63 Stat. 43, as amended), is hereby further amended by adding these new subsections as follows:

"ECONOMIC DISASTER LOANS

"SEC. 2. (b) The Secretary is authorized in connection with any major disaster determined by the President to warrant assistance by the Federal Government under Public Law 875, 81st Congress, as amended (42 U. S. C. 1855), to make loans to farmers and stockmen for any agricultural purpose in the area covered by the determination of the President, if he finds that an economic disaster has also caused a need for agricultural credit that cannot be met for a temporary period from commercial banks, cooperative lending agencies, the Farmers' Home Administration under its regular loan programs, or other responsible sources. The loans shall be made at such rates of interest and on such general terms as the Secretary shall prescribe for such area.

"SPECIAL LIVESTOCK LOANS

"SEC. 2. (c) For a period of 2 years from the effective date of this act loans for \$2,500 or more may be made to established ranchers or stockmen (including corporations or associations engaged in the business of financing cattle if they are owned and controlled by ranchers and stockmen engaged in the business of buying and selling cattle) who have a good record of operations, but are unable temporarily to get the credit they need from recognized lenders and have a reasonable chance of working out of their difficulties with supplementary financing. The loans may be made on such security as the borrower has available and for the time reasonably required by the needs of the borrower but not exceeding, in the first instance, a period of 3 years. The creditors of the applicant will not be asked to subordinate their indebtedness but must be willing to work with the borrower to the extent of executing standby agreements for such periods of time as is reasonably necessary to give the borrower a chance to substantially improve his situation. The loans shall bear interest at the rate of 5 percent per annum and shall be made on such other terms and conditions as the Secretary shall prescribe. The loans shall be subject to approval by a special committee appointed by the Secretary to serve for the particular area as determined by the Secretary. Loans exceeding \$50,000 shall also be approved by the Secretary. The committee shall consist of at least three members appointed by the Secretary from local financing institutions, livestock operators, and persons having recognized knowledge of the livestock industry. The committee shall

perform such additional functions under this act, including general direction of the servicing of the loans, as the Secretary may prescribe. The members shall serve at such compensation as the Secretary shall determine not exceeding \$25 for each day spent on the work of the committee, and shall be entitled to receive transportation costs and per diem in accordance with standard Government travel regulations.

"EMERGENCY ASSISTANCE IN FURNISHING FEED AND SEED

"SEC. 2. (d) The Secretary is authorized in connection with any major disaster determined by the President to warrant assistance by the Federal Government under Public Law 875, 81st Congress, as amended (42 U. S. C. 1855), to furnish to established farmers, ranchers or stockmen feed for livestock or seeds for planting for such period or periods of time, at reasonable prices, but the Secretary may waive repayment in whole or in part if in his judgment circumstances so require. The Secretary may specify such other terms and conditions as he may determine to be required by the nature and effect of the disaster. The Secretary may utilize the personnel, facilities, and funds of any agency of the United States Department of Agriculture, including Commodity Credit Corporation, for carrying out these functions and may reimburse the agencies so utilized for the value of any commodities furnished which are not paid for by the farmers or ranchmen, and for administrative expenses necessary in performing such functions."

AMENDMENTS TO EXISTING PROVISIONS

The last sentence of subsection 2 (a) is renumbered as subsection 2 (e) and a comma and the word "reimbursement" shall be inserted after the word "loans" in said subsection.

The letter (a) in the last clause of subsection 2 (b) is deleted, the subsection is renumbered as subsection 2 (f), and there shall be added at the end thereof the following new sentence: "There is hereby authorized to be appropriated to the revolving fund such additional sums as the Congress shall from time to time determine."

Mr. AIKEN. Mr. President, I ask unanimous consent that, if a meeting can be arranged, the Committee on Agriculture and Forestry be authorized to sit in hearing on this bill on Monday afternoon.

The PRESIDING OFFICER. Without objection, consent is granted.

Mr. LANGER. Mr. President, will the Senator from Vermont yield?

Mr. AIKEN. I yield.

Mr. LANGER. Do I correctly understand that livestock loans are to be made for a period of only 2 years?

Mr. AIKEN. The loans may be made for a period of 2 years. They may be made, I believe, during the next 2 years, under the provisions of the bill.

Mr. LANGER. When will they be due? Will they be due in 2 years?

Mr. AIKEN. The loans to be made would be similar to the original Regional Agricultural Credit Corporation loans, I am sure. The usual time of such loans is 2 years, but if the need warrants it, I am sure that they can be renewed. The purpose of the bill is to give the livestock people such time as they may need to work their way out of their difficulties if they appear to have a possible chance of doing so.

Mr. CASE. Mr. President, will the Senator from Vermont yield to me?

Mr. AIKEN. I yield.

Mr. CASE. The purpose of the bill is also to relieve them of the necessity of having to liquidate bank loans, under such conditions; is that correct?

Mr. AIKEN. Yes, that is the main purpose, namely, to permit them to hold their young cattle, their unfinished cattle, and their foundation herds, and not to have to send them to market and take the very low prices which they are having to take today in the drought area.

Mr. CASE. And, conversely, where the equity on an existing loan is fairly well wiped out, to permit them to carry the loan until satisfactory banking conditions can be had; is that correct?

Mr. AIKEN. Yes. The banker will not be required to subordinate his loan to the Government loan, but he will be asked to stand by and wait until the owner of the cattle can recoup and find his way out of his difficulties.

Mr. CASE. I hope the Senator from Vermont will add my name to the bill, as a co-sponsor.

Mr. AIKEN. I shall place the bill at the desk and let Senators add their own names. I spoke to two or three Senators. I hope that all Senators who wish to add their names as cosponsors will do so.

Mr. BARRETT. Mr. President, will the Senator from Vermont yield to me?

Mr. AIKEN. I yield.

Mr. BARRETT. Is there to be any limitation on the amount that can be loaned by the new agency, as proposed?

Mr. AIKEN. The Department has been working on this bill steadily for about 3 days. I see no limitation on the amount of loan that can be made, except that loans of \$50,000 or more must be approved by the Secretary, as well as by the local committee.

Mr. MUNDT. Mr. President, will the Senator from Vermont yield to me?

Mr. AIKEN. I yield.

Mr. MUNDT. I think I understood the Senator from Vermont to state, in his reading of the analysis of the bill, that economic disasters and acts of God will be added as justification for the making of the loans.

Mr. AIKEN. That is true.

Mr. MUNDT. So they will be made available anywhere in the country where sheepmen or cattlemen find themselves in serious economic straits. Is that correct?

Mr. AIKEN. Yes, where the economic straits are sufficiently serious to warrant the making of a declaration that the area is a disaster area.

Mr. MUNDT. That is correct—in other words, where they are sufficiently serious to justify the making of such a declaration; is that true?

Mr. AIKEN. That is right.

Mr. LANGER. Mr. President, I ask that my name be added to the bill, as cosponsor.

Mr. AIKEN. Mr. President, I yield the floor.

MUTUAL SECURITY ACT OF 1951, AS AMENDED

The Senate resumed the consideration of the bill (S. 2128) to amend the Mutual Security Act of 1951, as amended, and for other purposes.

Mr. HENDRICKSON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from New Jersey will state it.

Mr. HENDRICKSON. Do I correctly understand that the pending question is on agreeing to the amendment of the Senator from Arizona [Mr. GOLDWATER], as modified by the amendment of the Senator from Massachusetts [Mr. KENNEDY]?

The PRESIDING OFFICER. That is correct.

Mr. HENDRICKSON. Mr. President, I wish to speak briefly on this question.

First, I wish to commend the able Senator from Arizona, and the able Senator from Massachusetts for the vision they have shown and the leadership they have furnished on this issue.

When this bill was before the Armed Services Committee, I was very much concerned about the possible effect and implication of section 304 if enacted. Indeed, I was so seriously disturbed that in the committee I moved to strike out the section. After further discussion, at the request and largely on the advice and counsel of the distinguished chairman of the Armed Services Committee [Mr. SALTONSTALL], I later withdrew my motion.

I am delighted this afternoon, as I have said, that such fine leadership has been afforded us, and that we now have before the Senate what I regard as a sound vehicle for the solution of what seemed to me to be a dangerous situation which might well have confronted not only the United States but also the entire free world, as a result of the language in section 304. As presently written as one member of the Armed Services Committee, I shall be very happy to support the amendment offered by the distinguished Senator from Arizona, as modified by the amendment of the Senator from Massachusetts.

While I am on my feet, Mr. President, I wish to commend all Senators who have so ably supported this amendment during the discussion this afternoon.

Mr. COOPER. Mr. President, I wish to associate myself with the position taken by the distinguished Senator from California, the acting majority leader [Mr. KNOWLAND] in his opposition to the pending amendment and with the distinguished Senator from Vermont [Mr. FLANDERS] in the suggestions he made a few minutes ago.

I speak not only in opposition to the amendment which was originally proposed by the distinguished Senator from Arizona [Mr. GOLDWATER], but also in opposition to the amendment as modified by the distinguished Senator from Massachusetts [Mr. KENNEDY]. I will state my reasons.

The amendments which have been proposed are moved by our tradition of freedom and independence. They are charged with our deepest sentiments and our profoundest hopes for the people of the Associated States of Indochina. I am sure that every Member of the Senate holds the hope that France will not have a decision forced upon her by circumstances and events in Indochina, but that France will make its decision, and

will give to those states the assurance of a day for their independence. I agree wholly with the statement made by the distinguished Senator from Illinois [Mr. DIRKSEN], that if such a decision were to be made, it would give incentive, it would give a cause for those who fight in those lands. Yet, I believe that the amendments, with their mandatory provisions, carry with them great danger not only to the eventual success of the objective of independence for those people, but also to our own cause and our own security. If the amendment which has been proposed by the Senator from Arizona should be adopted, in its original form, and if France then should not accept its ultimatum, and in consequence our aid should be withheld, we may contribute to the success of the Communist guerrillas, and we shall have denied forever, or for a long time, the very objective which is implicit in these amendments. If the people of these countries fall under Communist domination, the hope of freedom is gone.

It may be said that the amendment as modified removes this danger. I do not think so. From a careful reading of the amendment it will be noted that it says that aid shall be administered only in such a way "as to encourage through all available means" the freedom and independence desired by the peoples of the Associated States, including the military training of the Vietnamese. If these words mean anything, they mean that aid will be withheld unless it is used to secure or promote the freedom of the Associated States. I do not see how France could accept such a proposal, when implicitly it conveys the same ultimatum as that contained in the amendment proposed by the Senator from Arizona.

Mr. KENNEDY. Mr. President, will the Senator yield?

Mr. COOPER. If I may finish, I shall be glad to yield to the Senator in a moment. I believe our first great objective in the Pacific and the Far East today is our own security, and we should take no step which would endanger that security. We are hoping very much that there will be a successful conclusion of the negotiations in Korea; and certainly one of the pressures which bears in our favor against the Chinese Communists, is the aid we give in Indochina. It would be folly to withdraw at this time one of the favorable pressures in our truce negotiations for the dearest hope we have today—the ending of the war in Korea.

The independence of the people of these areas is our hope. Yet, if we should adopt this amendment, and if it should become necessary, in order to adhere to its terms, to withdraw our aid, I repeat that in all probability we might be denying them the chance of their ever obtaining freedom.

I remember that after aid had been granted to the Nationalist Government in China, limitations were imposed upon that aid by the Government of the United States. Conditions were imposed upon the Nationalists and the aid was not given. Many have believed and many have charged that because of those

limitations and the consequent withholding of aid, China fell, and that we were placed in the position of grave danger in which we now find ourselves. Let us not do today the same thing for which we have condemned the administration of our friends upon the other side of the aisle.

Finally, we have many delicate connections with France in many places. They have forces and their sons in Korea. We are in a vital and delicate situation with France in connection with the European Defense Community. These connections affect our security and that of the free countries of the world.

In closing, I say again, that all of us agree that the countries in question should attain independence, but if we want our views and sentiments known let us act in the way proposed by the distinguished Senator from Vermont [Mr. FLANDERS]; namely, by a resolution expressing the sense of the Senate, in a way that will not defeat the very aims we seek.

Mr. KENNEDY. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. KENNEDY. The Senator from Kentucky has stated that my amendment would withhold money unless certain conditions were met by the French. That is incorrect. The words are:

Provided, That the expenditure and distribution of the funds, equipment, materials, and services authorized under this or any other section of this act on behalf of the Associated States of Cambodia, Laos, and Viet-Nam, to the extent that it is feasible and does not interfere with the achievement of the purposes set forth in this act, shall be administered in such a way as to encourage through all available means the freedom and independence desired by the peoples of the Associated States, including the intensification of the military training of the Vietnamese.

That reflects an entirely different spirit than to say that if France does not give these States their freedom, the aid will be withheld.

The second point I wish to make, in answer to the statement of the distinguished Senator is this: The United States has put its prestige directly behind the French in this struggle. Moreover, it has devoted large sums of money in rendering assistance; yet, the Senator knows, as I know, that the conditions are not now present in French Indochina that would permit a victory for the French forces. Indeed, indications are against such a victory, regardless of the steady increase in United States assistance since 1950. Continuation of an obviously fruitless campaign will certainly be more likely to result in the French withdrawing. The amendment which I have suggested will stimulate local self-government in those countries, thereby stimulating the support of the native population for the war effort, support which is not now there. It seems to me that the prospects of total success and of the French remaining will be enhanced by such conditions of popular support being established in French Indochina, rather than by the United States doing nothing while the French continue to dominate those areas. It is the latter

which could bring negotiations which might be disastrous by causing the French to pull out completely.

Mr. COOPER. I agree entirely with the Senator's objectives. All I have said is that I do not believe this is a proper method of attaining them. I think our influence can be directed in better ways.

Mr. FERGUSON. Mr. President, I desire to say a few words regarding the amendment now pending. This is not the time for the consideration of such an amendment. I think it would be a mistake for the Senate to adopt this amendment because of the effect it would have on our foreign relations. France has just formed a new government. France's new government has had very little time to act. I believe that a proposal so important as the one suggested by the Senator from Arizona [Mr. GOLDWATER], which has been modified by the acceptance as a substitute of the amendment offered by the Senator from Massachusetts [Mr. KENNEDY], should be discussed by this Nation on a very high policy level.

The President of the United States, who is familiar with all of the facts and circumstances, is the one to conduct this kind of negotiation with a country which at the present time is at war in Indochina. I am not unmindful that the question of independence plays a great part in the conflict in Indochina.

I conferred at one time, while in Saigon, with the cabinet of Indochina and I know the feeling it has in relation to the question of independence. I was told there were thousands of persons fighting on the Communist side who were patriotic as are those upon the French side.

Mr. President, I feel that it is not advisable to adopt the amendment at this time. The new Government of France must know how America feels with reference to independence. As the 4th of July anniversary of our own independence is approaching, we all appreciate and fully realize what independence means to other peoples. It is very vital to these people of the Associated States.

We are furnishing supplies to Indochina, which is engaged in a war against communism, and all it stands for. In my judgment, we in the Congress should not attempt to legislate upon this particular subject which involves foreign relations. We know that our relations with other allies in the free world are strained at the present time because of what is going on in Korea. Do we want now to accentuate these strained relations between the United States and her foreign allies by an act of Congress? Would it not be better to let the President know how we, as Members of the Senate, feel personally about the subject?

I hope the Senate will not adopt the amendment, even though we are in sympathy with the independence of the people of Indochina.

Mr. HENDRICKSON. Mr. President, will the Senator from Michigan yield?

Mr. FERGUSON. I yield.

Mr. HENDRICKSON. Do I understand from the remarks made by the Senator from Michigan, that he objects

to the timing but is not opposed to the principle involved. Is that correct?

Mr. FERGUSON. I am opposed to trying to solve the problem by actions of Congress. A very delicate situation is involved, and negotiations should be conducted by the President of the United States, who is in charge of our foreign activities concerning the French and the Indochinese, so far as the war there is concerned. I feel that Congress should not be legislating foreign policy when a war is now actually in progress.

Mr. HENDRICKSON. We are legislating the authority, are we not?

Mr. FERGUSON. We are acting on legislation proposing to give aid to certain other peoples as the President of the United States shall determine.

Mr. HENDRICKSON. Which is quite within our power.

Mr. FERGUSON. Yes; it is within our power to say that independence must be given prior to the receipt of any money. We can do that; there is no question about it. The question is as to the advisability of doing so.

Mr. CASE. Mr. President, will the Senator from Michigan yield?

Mr. FERGUSON. I yield.

Mr. CASE. Does not the Senator feel that it is certainly within the responsibility of the Congress to say whether we want to provide assurance to the taxpayers of the country that these huge sums of money will be used to strengthen the forces against communism?

Mr. FERGUSON. There is no doubt about that.

Mr. CASE. Does not the Senator feel that the strongest support we could give in the fight against communism in Indochina today is to let the people of the Associated States know that we believe they should have independence?

Mr. FERGUSON. I would say that letting them know we favor their independence is a desirable thing, but I doubt if an attempt to provide for their independence in legislation by telling them that the French must give them their independence today would strengthen their battle for independence. I am conscious that I do not have sufficient facts upon which to act.

Mr. CASE. We set a target date in connection with granting independence to the Philippines. We set a date on which independence would be forthcoming. It seems to me we could do nothing which would do more to weaken the Communist appeal in Indochina today than to make it clear that our aid is in support of independence as well as against communism.

The articles which I have read and the reports I have heard state that the strongest appeal the Communists have to maintain their fighting forces in that area is that they are fighting for independence. If we rob them of that battle cry, we shall have weakened the Communist position no end.

Mr. FERGUSON. But does the Senator have sufficient facts to enable him to say that if independence were given today communism would not overrun the country and destroy their independence?

Mr. CASE. I read in the statement of the Senator from Massachusetts that

one of the leaders said there would not be any war if it were not for the independence question.

Mr. FERGUSON. I realize that the question of independence is involved in the war, but I am not assured that if independence were given it would not be lost, because I think it would be engulfed by communism.

Mr. CASE. I certainly think we have sufficient information to give assurance to the taxpayers of the United States that we are not committing money and American boys to a war in that kind of a terrain and under that kind of conditions unless the people of Indochina are fighting for the principles of freedom.

Mr. FERGUSON. Today are we saying in Korea that independence must be given to all the people of Korea?

Mr. CASE. I hope we are trying to give the Koreans a chance to survive.

Mr. FERGUSON. I hope we are, but we are not saying to them that we are going to guarantee their freedom and independence.

Mr. CASE. We do not say that under the language proposed in the amendment, but we do express the sentiment.

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Hayden	Millikin
Anderson	Hendrickson	Monroney
Barrett	Hennings	Morse
Beall	Hickenlooper	Mundt
Bennett	Hill	Murray
Bricker	Hoey	Neely
Bridges	Holland	Pastore
Bush	Humphrey	Payne
Butler, Md.	Hunt	Potter
Byrd	Jackson	Purtell
Carlson	Johnson, Colo.	Robertson
Case	Johnson, Tex.	Russell
Clements	Johnston, S. C.	Saltonstall
Cooper	Kennedy	Schoeppel
Cordon	Kerr	Smith, Maine
Dirksen	Knowland	Smith, N. J.
Douglas	Kuchel	Sparkman
Dworshak	Langer	Stennis
Eastland	Lehman	Symington
Ellender	Long	Taft
Ferguson	Magnuson	Thye
Flanders	Malone	Watkins
George	Mansfield	Welker
Gillette	Martin	Wiley
Goldwater	Maybank	Williams
Gore	McCarran	Young
Green	McCarthy	
Grissold	McClellan	

The PRESIDING OFFICER. A quorum is present.

Mr. GEORGE. Mr. President, the pending amendment, which, as I understand, is a substitute proposed by the distinguished Senator from Massachusetts [Mr. KENNEDY] for the amendment offered by the distinguished Senator from Arizona [Mr. GOLDWATER] to the bill, presents a very serious question. With the general purpose of the two amendments no one would wish to quarrel, certainly not those of us in the Senate who feel keenly the responsibility of our service as representatives of our people, who themselves love liberty and have had an experience not dissimilar to that of other peoples elsewhere in the world.

But the problem presented is one of extreme difficulty. Basically, the question is whether we desire to continue the

efforts we have begun to bring about a cessation of the aggressive movements of a very hostile philosophy and government against the liberties which we ourselves cherish. Of course, we might with perfect propriety place a condition upon any grant, whether by way of gift or loan, to any country or to any people. That is unquestioned. We might impose conditions upon any grant we might wish to make, but the question is whether it is wise to do so if we are seriously undertaking to accomplish anything by the efforts we are making.

I know that many American people lose their patience with a great part of this program because of things that are happening around the world. The question is, Have we faith enough in the program to continue it, whether as a part of the defense operations of the Government, as a part of the State Department, or through an independent agency, as it is now conducted? I expressed my view on this point earlier in the day.

If we have faith enough to continue it, in any form, through any agency, then I think we must be extremely careful in what we are attempting to do by these amendments. Either of these amendments, or any similar amendment attached to the bill—which is, after all, an aid bill—as a condition would have the indirect effect of challenging another nation on which we are very greatly dependent for the success of all operations in Western Europe.

I have long believed, and I have said so on this floor many times, that there would be no ultimate hope without Germany of building a military force in Europe that could withstand a determined aggressive movement by the Soviet Union. I believe that profoundly. At the same time, it is very difficult to conceive of a defensive military program in Western Europe that would wholly ignore the existence of France.

There is but one safe course for a free people with a history such as ours to pursue. In our intercourse with other nations we should restrain ourselves from interference in their own domestic affairs. At the moment the war in Indochina is an affair of France's, and in an area of the world which bears some relationship to the Government of France and to the people of France.

It is true that we have a great sympathy with people of Indochina who are struggling there for their liberty; but at the same time we ought not to interfere or attempt to interfere in any way with the internal affairs of France at this particular time, a crucial time in her history, if we wish to make the whole enterprise on which we have embarked at such great sacrifice to our people and with such high hopes and enthusiasm, a real success.

If because of our interference France is compelled to forego further assistance under the mutual-security program, or if she is forced to make a declaration which individually as Senators we might greatly desire to hear made and to witness, then I propound this one question: How long will it be before France will have most serious difficulties in other areas of the world?

Not only is France engaged in Indochina. France has interests in Morocco and Tunisia. We cannot interfere in the internal affairs of a friendly ally with any degree of safety or assurance that we are not defeating the very purpose which we have so loudly proclaimed.

Mr. President, it is most unfortunate, in my judgment, that these amendments have been offered, because if such an amendment should be adopted in any form and go to conference, and the conferees should find it necessary, acting with reasonable prudence and care, and with the utmost sympathy for the motives which have prompted Senators in offering these amendments, to eliminate the amendment, then we would certainly be misunderstood in many parts of the world.

If France is forced to withdraw from Indochina, or if she voluntarily withdraws from Indochina, what assurance have we that Indochina will not itself fall a victim to Red China? What assurance is there? We assume a burden if we follow such a course. If there is an aggressive movement toward Indochina, we assume the burden of sending troops to that far corner of the world. At least we assume a moral obligation.

What would be the effect, Mr. President, if France should act affirmatively upon these amendments, or either one of them, or a similar amendment in any form or language? What would be the effect in France herself? How would France resist the Soviet propaganda of the Soviets in France if the French people were reminded daily, "You have had to yield in order to obtain largesse and gifts from America. You have had to yield in a matter of vital concern to the French people." Would they resist such propaganda? I do not think so.

Much as I am concerned about what goes on in the East, and in the Far East, I am still concerned about what goes on in Western Europe. If France should now decline to accept further assistance, or if France should be forced to take a political action which she is not yet able to take because of the conditions which we would impose upon her by this or some similar amendment, then I think it would be very difficult to prevent the NATO organization from falling apart.

In any event, the future is not without its danger signs and signals, even under the best of conditions. With a thorough understanding of the motives prompting these amendments, and of the sentiments which have been expressed in favor of them, and with a thorough sympathy for those motives, I nevertheless feel strongly that the free peoples of this world should not do something which might defeat every effort made in Western Europe.

Mr. President, I have never been very emotional on this subject; but if the Iron Curtain ever falls upon the shores of the Atlantic, then the difficulties in America will be immeasurably increased, and the final safety and economic independence of our own people will be very gravely threatened and circumscribed.

Mr. President, it is known in the State Department, it is known in the executive offices of this Government, it is

known by all of us who have tried to keep abreast of what is going on in Indochina, that a great effort has been made to bring France herself to a decision which would obviate the necessity of this kind of amendment or resolution.

How close that decision may be at this moment is not proper and not possible for me to say, but progress has been made.

France may be compelled to withdraw from Indochina. Believe me, Mr. President, the total withdrawal of France from Indochina at this moment might present us with graver problems than the continuation of the unhappy state and condition that exist in that quarter of the globe at this time.

But France undoubtedly will and France undoubtedly can handle this problem in her own way. We cannot be helpful by officious intermeddling in the affairs of a friendly nation. I am profoundly convinced it would be so much better, as long as we continue this program, to abstain, and to religiously abstain, from an disposition or purpose to interfere with the internal affairs of a friendly ally, even though we are concerned by the affairs that take place in other nations, and although we may disapprove, and heartily disapprove, of some things that have occurred and will continue to occur.

But, Mr. President—and I have said all that I desire to say on this matter—in my judgment, it would be most unfortunate if through the adoption of these amendments, or the sense of them, we have to take the proposal to conference, and it is either confirmed or rejected. If rejected, a question will arise. If approved by the conference and reported back to the Senate and the House, beyond all doubt we will have given offense to a sorely beset and sorely pressed friend and ally, although we may not be able to rely upon that friend and ally to the same extent we would like to be able to depend upon her because of her present condition and the state of affairs in the world.

Mr. President, since we have put our hand to this task, whether wise or unwise—and we have been working at it at a vast cost to the American people for 7 years—I hope we will not do anything which may lead, and easily may lead, to the defeat of the main purpose for which we have at least been honorably striving as a part of the legislative branch of the American Government.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Arizona [Mr. GOLDWATER], as modified.

Mr. GOLDWATER. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. SALTONSTALL. I announce that the Senator from Pennsylvania [Mr. DUFF], the Senator from Indiana [Mr. JENNER], and the Senator from Nebraska [Mr. BUTLER] are necessarily absent.

The Senator from Delaware [Mr. WILLIAMS] is absent on official business.

The Senator from Indiana [Mr. CAPEHART] and the Senator from New Hamp-

shire [Mr. TOBEY] are absent by leave of the Senate.

The Senator from New York [Mr. IVES] is absent by leave of the Senate, having been appointed a delegate to attend the International Labor Organization Conference at Geneva, Switzerland.

Mr. CLEMENTS. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from West Virginia [Mr. KILGORE], and the Senator from Florida [Mr. SMATHERS] are absent on official business.

The Senator from Texas [Mr. DANIEL], the Senator from Arkansas [Mr. FULBRIGHT], and the Senator from Tennessee [Mr. KEFAUVER] are absent by leave of the Senate.

The Senator from Delaware [Mr. FREAR] is absent by leave of the Senate on official committee business.

I announce further that, if present and voting, the Senator from Delaware [Mr. FREAR] and the Senator from Arkansas [Mr. FULBRIGHT] would vote "nay."

The result was announced—yeas 17, nays 64, as follows:

YEAS—17

Barrett	Goldwater	Magnuson
Case	Hendrickson	Malone
Clements	Jackson	Watkins
Dirksen	Kennedy	Welker
Douglas	Langer	Young
Dworshak	Long	

NAYS—64

Aiken	Hennings	Morse
Anderson	Hickenlooper	Mundt
Beall	Hill	Murray
Bennett	Hoey	Neely
Bricker	Holland	Pastore
Bridges	Humphrey	Payne
Bush	Hunt	Potter
Butler, Md.	Johnson, Colo.	Purtell
Byrd	Johnson, Tex.	Robertson
Carlson	Johnston, S. C.	Russell
Cooper	Kerr	Saltionstall
Cordon	Knowland	Schoeppel
Eastland	Kuchel	Smith, Maine
Ellender	Lehman	Smith, N. J.
Ferguson	Mansfield	Sparkman
Flanders	Martin	Stennis
George	Maybank	Symington
Gillette	McCarran	Taft
Gore	McCarthy	Thye
Green	McClellan	Wiley
Millikin	Griswold	
Hayden	Monroney	

NOT VOTING—14

Butler, Nebr.	Frear	Kilgore
Capehart	Fulbright	Smathers
Chavez	Ives	Tobey
Daniel	Jenner	Williams
Duff	Kefauver	

So Mr. GOLDWATER's amendment, as modified, was rejected.

CIVIL-SERVICE RETIREMENT BENEFITS TO CITIZENS OF FOREIGN COUNTRIES

Mr. CARLSON. Mr. President, on June 4 on the floor of the Senate, the distinguished Senator from Delaware [Mr. WILLIAMS] made a statement relative to a major loophole in our civil-service retirement law whereby citizens of foreign countries are being given full benefits under our retirement system.

At that time I stated that the staff of the Senate Post Office and Civil Service Committee would do some research relative to this matter. As a result of that research I am informed that these aliens were placed on the retirement eligibility

list by the Retirement Act of January 24, 1942, which placed all Federal employees other than certain temporary employees on the retirement eligibility list.

Some of these people never took a civil-service examination, but they had worked for some branch of the United States Government, and as the civil-service law now stands we seem to be bound under law to pay these annuities.

There are aliens in 67 countries or islands now drawing an annuity from the United States Government. As of June 1953 there was a total of 3,554 aliens drawing a grand total of \$168,785.87 in annuitants per month.

I have in my possession a tabulated list of countries with the number of annuitants for each country and the gross monthly annuity payments for each country. The information furnished herewith is based on records maintained in connection with the withholding of income tax from nonresident aliens. Such tax withholding has been in effect only since January 1, 1952.

I ask unanimous consent that the table may be printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Name of country	Number of annuitants	Gross monthly annuity payments
Canal Zone.....	713	\$38,581.89
Puerto Rico.....	2	90.00
Canada.....	16	702.00
British Honduras.....	1	78.00
Barbados.....	11	870.00
Jamaica.....	40	2,392.00
British Leeward and Windward Islands.....	7	316.00
Trinidad and Tobago.....	4	240.00
Netherlands West Indies.....	1	62.00
French West Indies.....	4	342.00
Mexico.....	6	254.00
Costa Rica.....	3	56.00
Guatemala.....	2	133.00
Panama.....	38	1,351.98
Cuba.....	128	6,456.00
Haiti.....	3	45.00
Netherlands Guiana.....	1	18.00
Argentina.....	4	289.00
Brazil.....	7	492.00
Chile.....	8	224.00
Colombia.....	6	175.00
Peru.....	5	159.00
Uruguay.....	1	91.00
Spain.....	11	592.00
United Kingdom.....	46	2,467.00
Malta.....	1	121.00
Netherlands.....	5	529.00
France.....	17	1,431.00
Portugal.....	5	368.00
Sweden.....	10	647.00
Finland.....	1	46.00
Germany.....	10	473.00
Switzerland.....	6	530.00
Austria.....	1	68.00
Hungary.....	4	339.00
Yugoslavia.....	2	167.00
Greece.....	3	203.00
Republic of Ireland.....	10	722.00
Free Territory of Trieste.....	1	34.00
Belgium.....	1	55.00
Italy.....	13	484.00
Norway.....	3	141.00
Union of South Africa.....	3	350.00
Nigeria.....	5	108.00
Sierra Leone.....	1	113.00
Morocco French Zone.....	1	58.00
Tunisia.....	1	61.00
Egypt.....	3	119.00
Ethiopia.....	1	10.00
Tangier.....	3	368.00
Belgian Congo.....	2	12.00
India.....	31	768.00
Pakistan.....	2	103.00
Singapore.....	1	6.00
Hong Kong.....	12	755.00
Indonesia.....	1	19.00
French Indochina.....	5	85.00
Turkey.....	13	1,174.00
Iran.....	2	91.00

Name of country	Number of annuitants	Gross monthly annuity payments
Lebanon.....	2	\$236.00
Thailand.....	6	21.00
Philippines.....	2,252	99,251.00
Japan.....	5	202.00
Guam.....	3	228.00
American Samoa.....	35	1,532.00
Marianas Island.....	1	124.00
Australia.....	2	124.00
Total.....	3,554	168,785.87

MUTUAL SECURITY ACT OF 1951, AS AMENDED

The Senate resumed the consideration of the bill (S. 2128) to amend the Mutual Security Act of 1951, as amended, and for other purposes.

The VICE PRESIDENT. The bill is open to further amendment.

Mr. SALTONSTALL. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 15, it is proposed to strike out lines 3 to 6, inclusive, and to insert:

(2) Funds appropriated under the authority of this act shall, if obligated before such date, remain available for expenditure for one year following such date in the case of assistance other than pursuant to the Mutual Defense Assistance Act of 1949, as amended, and for two years following such date in the case of assistance pursuant to the Mutual Defense Assistance Act of 1949, as amended, and shall be available during such period for obligation.

Mr. SALTONSTALL. Mr. President, the purpose of the amendment is, I believe, a very simple one. This afternoon I was approached, as chairman of the Armed Services Committee, because earlier today there was considerable debate, and the date of termination was changed from June 30, 1956, to June 30, 1955. The junior Senator from Montana [Mr. MANSFIELD] first proposed that the date be changed to June 30, 1954. The termination date agreed upon was June 30, 1955, with 1 year following that as the date of termination of contracts.

The difficulty from the Defense Department's point of view, particularly in the case of contracts made for procurement abroad, is that 1 year is too short a time in the case of some of the long-lead items. The procurement will be placed far short of the termination date of the act, if that provision is complied with.

I talked to the acting majority leader [Mr. KNOWLAND] and the senior Senator from Georgia [Mr. GEORGE] and the junior Senator from Montana [Mr. MANSFIELD], who are interested in this matter.

I believe I state correctly that it is agreeable to them to have the economic aid end 1 year after the termination date, but to allow the military items to go on for 2 years, because otherwise some of the most important items, such as jet airplanes, will be adversely af-

fected, because their completion requires that long a lead time.

Therefore, I hope the amendment will be adopted and taken to conference.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Massachusetts [Mr. SALTONSTALL].

The amendment was agreed to.

The VICE PRESIDENT. The bill is open to further amendment.

Mr. CASE. Mr. President, I had printed an amendment intended to be proposed by me, for myself and the Senator from Wyoming [Mr. BARRETT]. The amendment is identified as "6-30-53-A."

It would have authorized the President in his discretion to transfer not to exceed 5 percent of the funds appropriated under the authority of this act to a special fund for economic defense, and would have made possible the purchase of commodities, including meat products and live animals, to be sent to other countries with whom the United States has a mutual assistance pact, and provided that local currencies could be received in payment therefor.

The purpose of the amendment has largely been accomplished by the amendment of the Senator from Arkansas, which already has been adopted, and which I supported, and which in fact was modified by the suggestion I made, so as to include meat products and livestock.

Therefore, I do not wish to call up my amendment.

I now ask unanimous consent that my amendment be printed at this point in the RECORD, and that following it there be printed in the RECORD a letter from the Korean Ambassador, to which I referred earlier this afternoon, in the course of the debate, and also several other letters which I have received in support thereof.

I offer these documents for the RECORD because they express some of the hopes I had in mind for the amendment, which I now transfer to the language placed in the bill as a result of adoption of the amendment offered by the Senator from Arkansas [Mr. McCLELLAN]. I should like to have these letters and documents printed in the RECORD, in order to show the legislative history.

There being no objection, the amendment and accompanying papers were ordered to be printed in the RECORD, as follows:

Amendment intended to be proposed by Mr. CASE (for himself and Mr. BARRETT) to the bill (S. 2128) to further amend the Mutual Security Act of 1951, as amended, and for other purposes, viz: At the proper place in the bill add a new section as follows:

"SEC. . The President, in his discretion, may transfer not to exceed 5 percent of the funds appropriated under the authority of this act to a special fund for economic defense and may expend such funds for the procurement and delivery of such commodities, including meat products and live animals, as may be declared by the Secretary of Agriculture to be surplus to domestic needs, to countries with whom the United States has a mutual assistance pact and may receive local currencies in payment therefor which, in his further discretion, may be used for the local currency needs of the United States in such countries, including rehabilitation and reconstruction from damage by

war: *Provided*, That the President may loan to any such countries cargo vessels owned by the United States for the transportation needs of such countries, particularly in transporting any supplies made available under the authority herein."

KOREAN EMBASSY,
Washington, D. C., March 25, 1953.
The Honorable Senator FRANCIS CASE,
Senate Office Building,
Washington, D. C.

DEAR SENATOR CASE: It was a great pleasure for Mr. Han, our counselor, and me to meet you and your assistant this morning, and I want to thank you for taking time out to talk with us.

Again, I wish to repeat what I have written to you and what I have told you, namely, that I am very grateful to you for having given serious thought to the whole problem of relieving our very grave economic needs in Korea.

In compliance with your request, I wish to state the following:

As you well know, this horrible war has been going on for the last 3 years in Korea, and more than 1,000 villages have either been destroyed or seriously crippled. More than 50 cities and towns have met the same fate during the course of the fighting in Korea. Ten million of our people have been made homeless, and there are more than 100,000 innocent children who have become orphans. Bombing from the south, bombing from the north, bombing from the east, and bombing from above cause a great deal of destruction in Korea, and this explains why most of our agricultural production has been seriously disrupted. Furthermore, there are virtually no facilities for the production of consumer goods.

I am sure that you can understand very readily why we need help. We have to feed these homeless people, we have to clothe them, and particularly the unfortunate orphans must be fed and clothed also.

Naturally, the food problem is one of the most acute difficulties our people face. We have to supply our population and particularly our armed forces, and, despite the fact that many well-meaning non-Korean organizations have been assisting us, the problem still remains serious. That is why whatever you can do in this respect would be a tremendous contribution to the betterment of the general well-being of our people. Grains such as barley, wheat, rice, corn, soybeans, and even flour would be most welcome to us. Any poultry products, as well as other meats, would be an invaluable addition to the task of meeting the shortage of food in Korea. However, dairy produce such as cheese, butter, and liquid milk would not be suitable, because the Korean dietary habits have not as yet been developed to include a taste for these items. On the other hand, it is my firm belief that powdered milk would be very useful, particularly for the children in Korea.

Any assistance that can be given to relieve the suffering of our people, particularly with regard to the need for food and clothing materials such as woolen and cotton goods, would mean a tremendous uplift in the morale of my countrymen.

I am sure that you will agree with me that, if the families and dependents of our soldiers in Korea as well as the police, who also have shared the burden of fighting in Korea, are given a more ample supply of food and clothing, the morale of our fighting soldiers and police would be greatly strengthened. Such help would make a direct contribution to the even more essential military operations in Korea.

As I told you this morning, due to the poor living conditions, because of the war, 30 percent of our people are tuberculosis cases. If something is not done to alleviate this situation, it may mean national suicide.

You may remember my comment on the farm animals. The losses in virtually all forms of livestock have been very heavy, and there has been a very sharp decline in the number of draft animals for tilling the soil. I am sure that in ameliorating this condition it would mean an increase of agricultural produce in Korea.

I also called to your attention our need for ships. Early in 1952 a bill was introduced by Senator WARREN MAGNUSON to authorize the transfer of 50,000 tons of ships to be used by Korea. This was passed in the Senate, but to our great regret, the bill failed to get recommendation in the House.

In the last few years, kindhearted American people, through their churches, other organizations, and, in many cases, individuals, have collected large quantities of relief goods for our refugees in Korea. May I call to your attention that many times in the past these goods have failed to reach Korea because of the lack of transportation.

If we had, for example, 10 Liberty-type ships, there could be a continuous flow of transportation not only for our relief goods but also for grains that have been purchased now in the process of being sent to Korea. It would mean further that these ships could go to Korean ports directly instead of stopping first in Japan. This would eliminate piling up of goods due to lack of shipping space. Our Government, despite its very difficult financial situation, has been using its meager dollar funds for the purchase of grain in this country and elsewhere as well as for the transportation of these grains at a cost of up to \$13 per ton. If we had these ships, the cost for transportation could be greatly reduced, and, naturally, this reduction would help us immensely. Ten of these ships could transport 40,000 to 50,000 tons of cargo per month.

The above is about the gist of our conversation this morning, and if there is anything I can do, please do not hesitate to call on me.

Very sincerely yours,

YOU CHAN YANG,
Korean Ambassador.

[From the New York Times of March 28, 1953]

MORE THAN BULLETS NEEDED TO WIN THE BATTLE OF KOREA—PROBLEMS OF RELIEF AND OF RECONSTRUCTION CAN BE MET ONLY BY UNITED NATIONS AND FREE WORLD

(By Howard A. Rusk, M. D.)

Although the peoples of the free world understand the ideological and political reasons for the presence of United Nations troops in Korea, only the person who has actually been there can understand the full impact of the war upon the Korean civilian population. Four years of fighting have resulted in nearly 1 million civilian casualties and complete destruction of nearly 500,000 homes. Other statistics are equally staggering—9 million displaced people, 100,000 orphans and 300,000 war widows.

The problem of relief and of the economic and social reconstruction of Korea are so great that they can be met only by the United Nations and the national governments of the free world. To supplement this official assistance, however, Korea must have the warm, personal assistance of "people to people." This is essential if the eventual military victory is to be effective, for our military efforts will have been in vain unless Korea emerges from the war as a strong independent, democratic nation.

The spirit of the Korean people, their thirst for education and their respect for individual rights and liberties are the basic ingredients from which true democracies grow, but Korea must have help if this is to be achieved and the peace won.

The American and other United Nations troops fighting in Korea, who have come to know and respect the Korean people and to recognize their suffering and needs, have

responded with overwhelming generosity from their own small incomes. There is hardly a military unit in Korea that has not adopted a hospital, orphanage or participated in some social welfare project. The best children's hospital in Korea—the Children's Charity Hospital in Pusan, which serves the orphans of that city—is largely financed by military members of the Masonic Lodge and their friends at home. The best orphanage, Happy Mountain, also in Pusan, is operated primarily with funds contributed by the officers and enlisted men of the Korean Base Section. The First Corps men in the front lines have contributed \$100,000 for the care of child amputees at Severance Hospital in Seoul and at other facilities.

Almost every issue of the Korean edition of the Stars and Stripes carries a story of G. I.'s providing scholarships for a houseboy, equipment for an institution or assistance to widows and orphans. In addition, thousands of service men have written home for packages of food, clothing and other supplies that they pass on to the Koreans.

Through a plan instituted recently by CARE, service personnel may now order CARE packages for Korean institutions and individuals from their own post exchanges. As one prominent Korean official said: "If it hadn't been for the GI's, this nation would have folded."

No actual monetary reckoning can be made of the amount of aid that American military personnel have personally contributed to Korean relief, but it undoubtedly has been far in excess of the 22 million pounds of commodities worth \$15,500,000 that non-governmental agencies in the world have contributed to Korea in the last 3½ years.

Included in this amount, which has been sent through groups, such as CARE, American Relief for Korea, Seventh Day Adventists, War Relief Services (National Catholic Welfare Conference), Church World Service, American Friends Service Committee, Lutheran World Relief, and the Committee for Free Asia, has been wearing apparel and household goods valued at \$13 million, 6 million pounds of food valued at \$1,500,000, medical and hospital equipment and supplies valued at \$121,000, agricultural equipment valued at \$42,500, and educational supplies valued at \$163,000.

Newest of the voluntary agencies to help Korea is the American-Korean Foundation, of which Dr. Milton Eisenhower is chairman. In addition to direct relief, this new group hope to engage in creative, productive projects that will assist the Koreans to produce goods and services themselves. The foundation's leaders envision it as a permanent body to eventually fill in Korea the role the Near East Foundation has played in that area.

The food, clothing, and other assistance that voluntary groups have contributed to Korea have been so desperately needed that the amount of voluntary help seems larger to the Koreans than it actually has been, for there is no place in the world today where so little goes so far and accomplishes so much. An orphan can be maintained, for example, for about 20 cents a day, a child kept in school for less than 5 cents a day, a student sent to college for \$200 a year, and a hospital bed maintained at less than a dollar a day.

Although \$15,500,000 is a sizable sum, it is not large by international philanthropic standards. Worldwide donations for Dutch flood disaster relief, for example, totaled \$27 million in cash and 22 million articles of clothing, far more than has been given to Korea in 3½ years.

How all Americans can best support the efforts of their sons, brothers, and friends who are fighting in Korea was summed up by a wounded corporal in an American mili-

tary hospital. In response to a query from this writer last week, he said:

"Doctor, I'm being well taken care of. There isn't anything I need, but there are thousands upon thousands of orphans and sick people here who need help. We in the military will do our job at the front and what we can do to help these people, but the folks at home ought to do more to help these people. That's the best way they can help us."

COUNTRY GENTLEMAN,

Philadelphia, Pa., March 16, 1953.

The Honorable FRANCIS CASE,
United States Senator,
Washington, D. C.

DEAR SENATOR CASE: We think your bill to divert some of our surplus food and other commodity stocks to the aid of South Koreans is a good idea. We are expecting a lot of those folks and they are putting up a game fight. Certainly the least we can do is to see that they are fed and clothed so that they can continue to fight, especially when we will have a job of rehabilitation on our hands, anyway. We hope the bill goes through.

Sincerely yours,

E. H. TAYLOR.

WASHINGTON, D. C., March 9, 1953.

The Honorable EZRA T. BENSON,
Secretary, Department of Agriculture,
Washington, D. C.

MY DEAR MR. SECRETARY: Attached you will find a copy of an informal draft of a bill which I propose to introduce in the Senate today which would authorize you to sell the Republic of Korea food and clothing commodities and to receive in payment legal currency of the Republic of Korea. The exact form and details are subject to revision, of course, but I hope that the general proposition will appeal to you and may have your support.

You will note that the bill also directs the Treasury to credit such currency against debentures of the Commodity Credit Corporation and to place it in a Korean Reconstruction Fund and creates a Joint Committee of the Congress to investigate conditions in Korea and recommend a program of reconstruction through the use of the fund so created.

On February 26, the Associated Press reported Korean Defense Minister Shin Tae Young as saying: "The ROK soldier is getting only about one-third the calories he needs from rice and a few side dishes."

Last week, in the Senate Committee on Armed Services we heard Lt. Gen. James Van Fleet say that both the military and civilian populations of South Korea were living on a diet below that which we provide for our prisoners-of-war under the Geneva Convention.

General Van Fleet also testified that fewer South Korean troops would go to the hospital, that more South Korean men could qualify for military service, that efficiency at the front would be improved if they had a better diet. He also said that many of the civilians are wearing the ragged remnants of the clothes they had on their backs when the invasion took place almost 3 years ago.

Eventually, the United States will rehabilitate South Korea. That would be in keeping with our traditions and the spirit of our people toward an ally to say nothing of the destruction occasioned by our own troop movements.

Why not help ourselves by helping the South Koreans now, using some of the fiber and food products which the Commodity Credit Corporation is buying, thereby translating these growing stocks into strength at the front and providing the local currency funds that can be used in Korean rehabilitation later on?

Using food to win the war and build the peace beats putting bluing on potatoes or burning wheat or killing pigs.

Respectfully submitted.

FRANCIS CASE,
United States Senator, South Dakota.

DEPARTMENT OF AGRICULTURE,
Washington, D. C., April 2, 1953.

Hon. FRANCIS CASE,
United States Senate.

DEAR SENATOR CASE: This will acknowledge receipt of your letter of March 13, 1953, enclosing a copy of your bill, S. 1230.

We have received a request for a report on this bill from the chairman of the Senate Committee on Agriculture and Forestry. We are giving careful study to the bill as it would affect the programs and responsibilities of this Department and are discussing it with the other departments concerned with United States programs in South Korea.

We will complete our report and transmit it to the committee as promptly as possible.

Sincerely yours,

TRUE D. MORSE,
Acting Secretary.

UNITED STATES DEPARTMENT
OF AGRICULTURE,
COMMODITY CREDIT CORPORATION,
Washington, D. C., May 7, 1953.

Hon. FRANCIS CASE,
United States Senate.

DEAR SENATOR CASE: I appreciate your thoughtfulness in sending me your letter of April 24, 1953, and the attachments relative to your bill, S. 1230, to authorize the sale of food and fiber to South Korea for Korean currency.

This is a very important matter and one to which we are giving serious consideration and study. We understand other segments of the executive branch of the Government are working on this subject and we hope a satisfactory decision can be reached at an early date.

We are pleased to know of your interest in our programs and value your advice and recommendations.

Sincerely yours,

JOHN H. DAVIS,
President.

KOREAN PACIFIC PRESS,
Washington, D. C., March 17, 1953.
Hon. Senator FRANCIS CASE,
United States Senate Office Building,
Washington, D. C.

DEAR SENATOR CASE: Your secretary was kind enough to send me copies of your correspondence to Secretary Benson and of Senate bill 1230, which relate to the use of fiber and food products for Korean rehabilitation.

I have read your letter to Secretary Benson and the bill with high interest and warm enthusiasm. You are most correct in stating "Why not help ourselves by helping the South Koreans?" The need in South Korea, as you have eloquently pointed out, is tremendous, and we can accomplish two goals with your suggested program.

I am taking the liberty of forwarding directly to President Syngman Rhee copies of your correspondence and the bill. I know that he will appreciate most deeply your good thoughts and splendid efforts.

If there is any information or any assistance whatsoever that this office can furnish you to support you on this matter, we will be delighted to serve. I stand ready at any time, personally, to help you in any way possible.

Thanking you, I am,
Sincerely yours,

S. M. VINOCOUR,
Manager.

SOUTH DAKOTA FARMERS UNION,
Huron, S. Dak., March 21, 1953.
The Honorable FRANCIS CASE,
United States Senator,
Senate Office Building,
Washington, D. C.

DEAR SENATOR: Received your letter of recent date with your letter to Mr. Benson, Secretary of Agriculture, and your proposed Senate Bill No. 1230. We believe that your proposed legislation is sound, not only in the dealing with our surplus farm commodities, but the humanitarian thinking in alleviating hunger and malnutrition for our allies, particularly South Korea. I assure you, Senator, that the South Dakota Farmers Union will assist you in every way to get this legislation approved in the Congress.

Yours sincerely,

PAUL W. OPSAHL,
President.

SOUTH DAKOTA STATE GRANGE,
Rapid City, S. Dak., March 20, 1953.
Hon. FRANCIS CASE,
Washington, D. C.

DEAR MR. CASE: I am very much impressed with your plan to use the surplus food and fibre, now in the hands of the Government under the farm program, to feed and clothe the South Koreans.

Your plan is very humanitarian and is also being proposed on a very businesslike basis. I am for it and hope that you can get early support for the plan.

I feel very much encouraged over stands taken by the new administration and I am especially pleased with the definite stand taken towards England on the China situation. We feel that as time goes on we will see the situation improved.

Respectfully yours,

ALNER G. SNESRUD.

The VICE PRESIDENT. The bill is open to further amendment.

Mr. LONG. Mr. President, on behalf of myself and the Senator from Idaho [Mr. WELKER], I move that Senate bill 2123 be recommitted to the Committee on Foreign Relations, with instructions to report it back to the Senate not later than July 15, 1953, with an amendment limiting the total amount of the authorizations contained in the bill to \$3,318,732,500. This is a motion to recommit with instructions for the committee to cut by \$2 billion the total authorizations provided in the bill.

I notice that some economy was achieved on the House side, and that the House report indicates that a reduction of more than \$400 million was made on that side. Very little reduction has been made on this side.

At one time I had the privilege of sitting on a committee which was looking over one of these bills. The best I can determine regarding these matters, based on that experience and also on my several years of service in the Senate, is that there is simply no sufficiently detailed information available to assist one in determining how much money should be spent on these matters. The justifications are vague and very loose, and there are very few criteria to assist one in determining how much these items should be reduced or exactly how much should be added.

It seems to me that the guiding principle which has been followed in the preparation of this bill is how much money the Agency thinks it can get.

It is interesting to note from page 6 of the report that we have spent on these foreign-aid programs, since 1946, \$41 billion. On the same page of the report we find the following statement:

This sum includes neither loans made during this period nor moneys appropriated but unspent. These unexpended balances amounted to an estimated \$12 billion as of March 31, 1953.

Mr. President, the junior Senator from Louisiana is not one of those who are anxious to postpone the date when the people of this Nation can have the tax reduction they hope for and expect. The Senator from Louisiana knows that the House is very reluctant to override the chairman of the Ways and Means Committee of the House to extend expiring taxes. Of all the money that we are spending for defense the expenditures which are least certain to contribute anything to our salvation are those provided for in this bill.

This bill authorizes another \$5.3 billion in foreign aid. It has been stated that the expense of maintaining our troops in Europe calls for another \$6.8 billion. In those items there is no assurance that any of that money will be used to assist in our own defense. In the event we have to fight a war there is no assurance that any of those companies will be fighting beside us. We have various unrelated commitments of allies in various situations, but it is entirely possible that we might be forced into war under such conditions that none of the countries aided in this bill would come to our aid. We can wisely make this reduction with more safety than we can reduce funds we will find in the military appropriations. I believe, if we are to have any hope of balancing the budget some day, we will have to muster the courage to cut down the foreign-aid program. So far as the junior Senator from Louisiana is concerned, I believe that now would be a good time to do it. Therefore, I hope the amendment will be agreed to.

Mr. President, I ask for the yeas and nays on the motion to reduce the appropriation by \$2 billion.

The yeas and nays were ordered.

Mr. TAFT. Mr. President, I supported the bill in committee, and I intend to vote for it, with the understanding that I do not commit myself to any specific amount when the appropriations come before this body. It seems to me to be perfectly clear that the Appropriations Committee is in a far better position to determine what cuts can be made. This is largely a military-aid program. It is closely integrated with our own military program, so that the Appropriations Committee can consider both. In certain cases it may be cheaper for us in the long run to arm our allies than to provide additional American troops that might be necessary. It seems to me that the Appropriations Committee should consider the matter in detail. The committee can go over the various programs which are presented and can judge as to those programs. The only effect of recommitting the bill until July 15 would be to delay the Appropriations Committee.

That committee cannot proceed until the authorization law is passed.

I feel very strongly that the question of the amount of this program is one that ought to be determined in connection with the appropriation bill, and therefore I intend to vote as I have voted heretofore for such bills, for this authorization, without the slightest commitment on my part. I do not think the Senate ought to consider that there is any commitment to appropriate the full sum authorized by this bill.

It seems to me it would only delay matters, and certainly I think the amendment of the Senator from Louisiana should be voted down, and that we should pass the bill. We should then seriously consider in connection with the appropriation bill the question of where savings can properly be made.

Mr. FERGUSON. Mr. President, I share the views of the distinguished Senator from Ohio. I believe that in the committee it was the understanding when this sum was placed in the bill that the Appropriations Committee would have to consider it very seriously in connection with other money being appropriated for the defense of America and of the free world.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. MAYBANK. I want to say for the Record that the distinguished Senator from Michigan and myself, in the Appropriations Committee last year, voted to reduce, on three different occasions, the amount called for in the authorization bill which was sent to the Appropriations Committee.

Mr. FERGUSON. That is correct.

Mr. MAYBANK. That was done together with the chairman of the committee at that time, Senator McKellar. I am reserving the same right, as I said last night on the floor, to reduce the authorization in the Appropriations Committee when it comes before the committee and when the hearings are held. I happened to be on the subcommittee with the Senator from Michigan last year. We met for several days. We finally reduced the amount, but not so much as I had hoped to reduce it. I may say that I would be embarrassed if I were called upon to vote for a \$2 billion reduction, or to vote to recommit the bill, with the requirement of a report by July 15, without one word of testimony having been taken. The distinguished chairman of the committee, the Senator from New Hampshire [Mr. BRIDGES], has told me that he intends to start hearings immediately after the Fourth of July, possibly on the 6th or 7th.

Mr. FERGUSON. I think that is correct.

Mr. MAYBANK. As a member of the committee, I should at least have the benefit of hearing what the witnesses have to say with respect to the use of the pruning knife, or whatever it might be called, on such amounts as are included here. There is authorized by the previous bill, for example, one item of \$11,400,000,000 that is carried over. It may be necessary to cut the amount by \$1 billion, perhaps \$2 billion, or possibly

more. I merely wanted to have the record clear. I thank the Senator.

Mr. FERGUSON. Mr. President, this is a matter which must be considered by the Appropriations Committee, because of the items in the defense appropriations bill. Many of the items in that bill are acquired through the same agency as the items in the pending bill. I have felt for a considerable time that this matter should be one to be considered by the military alone, not by a civilian agency, since it relates to the common defense, and should be treated as a part of the defense of America. In voting against the amendment and for the bill, I shall do so with the distinct understanding—and I know the Senator from New Hampshire, who is chairman of the Committee on Appropriations, feels the same way—that the bill will be considered on its merits in the committee. It is of a great importance.

Coming late, as it does, the appropriation is always considered by the whole committee rather than by a subcommittee. It is felt that the military items must be considered as military items, and that the other items must be considered as items of aid. No Senator should consider that when he votes today for this bill, he is voting for the amount specified in the bill. It is an authorization, it is a ceiling, and nothing more. I was under the impression that the report so stated, but I find that that is not in the report, and I felt that I should make the statement for the record.

Mr. SCHOEPPPEL. Mr. President, I have listened to the discussion about this being an authorization measure. Frankly, I want to say my position as the senior Senator from Kansas would be one of serious doubt, if I felt that the amount of money authorized by this bill would have to be appropriated. As I said earlier in the day, I think it is sound to expect that the Appropriations Committee, when these authorizations come before it, will go over them with a fine-toothed comb, and will cut out many of the expenditures which can justifiably be eliminated. I would not think of voting for this bill as an authorization of the whole amount, if I did not feel that that was the situation. I wanted to make by position crystal clear.

Mr. CASE. Mr. President, in view of the statements that have been made, I move that the motion of the Senator from Louisiana be laid on the table.

The VICE PRESIDENT. The question is on the motion of the Senator from South Dakota to lay the motion of the Senator from Louisiana on the table.

Mr. LONG. Mr. President, on behalf of the Senator from Idaho [Mr. WELKER] and myself, I withdraw the motion.

I now move that the bill be recommitting, and that it be reported back to the Senate not later than July 15, with an amendment reducing the amount to \$3,818,732,500.

The VICE PRESIDENT. The yeas and nays having been ordered on the motion of the Senator from Louisiana, the Senator may withdraw his motion only by unanimous consent. Is there

objection to the request of the Senator from Louisiana that he be permitted to withdraw his motion? The Chair hears none. Without objection, his motion is withdrawn.

Mr. LONG. Mr. President, on behalf of the Senator from Idaho [Mr. WELKER] and myself, I move that the pending bill be recommitted to the Committee on Foreign Relations, with instructions to report it back to the Senate not later than July 15, 1953, with an amendment, with the total amount of authorization to be contained in the bill being a sum of \$3,818,732,500. That would be a reduction of \$1.5 billion.

Mr. President, I wish to say that if the bill is reduced in the fashion the junior Senator from Louisiana is recommending, we shall have the benefit of the administration's advice as to where the cut should be made; but if we do not reduce the bill on this floor, it will be an invitation and a request that the administration justify every dollar asked for in the measure. Last year I was successful as a member of the Armed Services Committee in advocating reductions of authorized expenditures for air bases by approximately 25 percent. We had to do it without one bit of help, without one bit of advice from those responsible for the program, although we were successful in borrowing a few civilian engineers from the military who were willing to be helpful in giving us some idea as to when they thought we were sound in our views and when they thought we were unsound. If my motion carries, the administration will have to advise where the cuts should be taken instead of requiring the Appropriations Committee to make reductions blindly.

Every time a reduction is made someone will want to put the entire amount back. The military authorities always try to justify the expenditure of every nickel. Every time a Senator tries to reduce the amount requested, someone will stand up and say, "Are you going to listen to a five-star general who is a professional expert in the field or to a United States Senator who has little, if any military experience?"

Mr. President, if we do what I am asking we shall have the benefit of a five-star general saying, "Here is where you should make the cut." We shall be better advised on how to reduce expenditures if we require the administration, from General Eisenhower, our President, on down the line, to give us their advice as to where reductions should be made, rather than asking them to justify an expenditure of \$5,300,000,000. If we want to reduce it we shall have a great deal better advice when we reduce it if the Senate votes for my motion than if witnesses are called to try to justify every nickel involved.

Mr. McCLELLAN. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. I yield.

Mr. McCLELLAN. Does the Senator know the amount of the deficit this year?

Mr. LONG. No, but I should like to be advised by the Senator from Arkansas.

Mr. McCLELLAN. It is in excess of \$9 billion. It is approximately \$9,380,000,000.

Mr. LONG. Mr. President, I am advised by the distinguished Senator from Arkansas that the deficit this year is more than \$9 billion. We hope to begin to balance the budget, and we are telling the American people that it is unfair for them to pay such high taxes, but if we are going to balance the budget we shall have to cut down on spending.

Mr. President, I ask for the yeas and nays on my motion.

The yeas and nays are ordered.

Mr. CASE. Mr. President, I move that the motion of the Senator from Louisiana [Mr. LONG] be laid on the table.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from South Dakota.

Mr. RUSSELL and other Senators asked for the yeas and nays.

The yeas and nays were ordered.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from South Dakota to lay on the table the motion of the Senator from Louisiana.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. SALTONSTALL. I announce that the Senator from Nebraska [Mr. BUTLER], the Senator from Pennsylvania [Mr. DUFF], and the Senator from Indiana [Mr. JENNER] are necessarily absent.

The Senator from Indiana [Mr. CAPEHART] and the Senator from New Hampshire [Mr. TOBEY] are absent by leave of the Senate.

The Senator from New York [Mr. IVES] is absent by leave of the Senate, having been appointed a delegate to attend the International Labor Organization Conference at Geneva, Switzerland.

Mr. CLEMENTS. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from West Virginia [Mr. KILGORE], and the Senator from Florida [Mr. SMATHERS] are absent on official business.

The Senator from Texas [Mr. DANIEL], the Senator from Arkansas [Mr. FULBRIGHT], and the Senator from Tennessee [Mr. KEFAUVER] are absent by leave of the Senate.

The Senator from Delaware [Mr. FREAR] is absent by leave of the Senate on official business.

I announce further that if present and voting, the Senator from Delaware [Mr. FREAR] would vote "nay."

The result was announced—yeas 48, nays 34, as follows:

YEAS—48

Aiken	Hennings	Mundt
Beall	Hickenlooper	Murray
Bennett	Hoey	Neely
Bridges	Holland	Pastore
Bush	Humphrey	Payne
Butler, Md.	Jackson	Potter
Carlson	Kennedy	Purtell
Case	Knowland	Robertson
Cooper	Kuchel	Saltonstall
Cordon	Lehman	Smith, Maine
Douglas	Magnuson	Smith, N. J.
Ferguson	Mansfield	Taft
Flanders	Martin	Thye
Green	Maybank	Watkins
Griswold	Millikin	Wiley
Hayden	Monroney	Young

NAYS—34

Anderson	Byrd	Dworshak
Barrett	Clements	Eastland
Bricker	Dirksen	Ellender

George	Johnston, S. C.	Russell
Gillette	Kerr	Schoeppel
Goldwater	Langer	Sparkman
Gore	Long	Stennis
Hendrickson	Malone	Symington
Hill	McCarran	Welker
Hunt	McCarthy	Williams
Johnson, Colo.	McClellan	
Johnson, Tex.	Morse	

NOT VOTING—13

Butler, Nebr.	Frear	Kilgore
Capehart	Fulbright	Smathers
Chavez	Ives	Tobey
Daniel	Jenner	
Duff	Kefauver	

So Mr. CASE's motion to lay on the table the motion of Mr. LONG was agreed to.

Mr. LONG. Mr. President, on behalf of the Senator from Idaho [Mr. WELKER] and myself, I move to recommit the bill to the Committee on Foreign Relations, with instructions to report back, not later than July 15, an amendment limiting the total amount to not more than \$4,318,733,500. This would be a reduction of \$1 billion, slightly less than 20 percent of the authorization.

Again I urge that if Senators wish to reduce the amount proposed by the bill, they would do well to have the advice of the military as to where reductions should be made, rather than to do without such advice, and to vote strictly upon their whims and caprices, without the best judgment they could have. If Senators want to reduce the amount contained in the bill, now is a good time to take such action.

Mr. President, I ask for the yeas and nays on this motion.

The yeas and nays were ordered.

Mr. HUNT. Mr. President, I wish to associate myself with the junior Senator from Louisiana in the motion to recommit. For 5 years I have been voting for huge sums of money in mutual security assistance bills, a definite statement being made each year that the following year the amount would be reduced, and that, in all probability, in 2 or 3 years the program would end.

Each succeeding year, as I have voted favorably upon the appropriations, I have hoped that we would reach an end to this giveaway, giveaway, giveaway. Now, with \$12 billion unexpended, and with a smaller amount as yet unauthorized, I appreciate this opportunity to let my constituents back home know that finally I have gotten around to voting for a reduction of expenditures.

The VICE PRESIDENT. The question is on agreeing to the motion of the junior Senator from Louisiana [Mr. LONG] to recommit the bill with instructions. The yeas and nays have been ordered, and the Secretary will call the roll.

The Chief Clerk called the roll.

Mr. SALTONSTALL. I announce that [Mr. DUFF], the Senator from Pennsylvania [Mr. DUFF], and the Senator from Indiana [Mr. JENNER] are necessarily absent.

The Senator from Indiana [Mr. CAPEHART] and the Senator from New Hampshire [Mr. TOBEY] are absent by leave of the Senate.

The Senator from New York [Mr. IVES] is absent by leave of the Senate, having been appointed a delegate to at-

tend the International Labor Organization conference at Geneva, Switzerland.

Mr. CLEMENTS. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from West Virginia [Mr. KILGORE], and the Senator from Florida [Mr. SMATHERS] are absent on official business.

The Senator from Texas [Mr. DANIEL], the Senator from Arkansas [Mr. FULBRIGHT], and the Senator from Tennessee [Mr. KEFAUVER] are absent by leave of the Senate.

The Senator from Delaware [Mr. FREAR] is absent on official committee business.

I announce further that on this vote the Senator from Delaware [Mr. FREAR] is paired with the Senator from Tennessee [Mr. KEFAUVER]. If present and voting, the Senator from Delaware would vote "yea," and the Senator from Tennessee would vote "nay."

I announce further that if present and voting, the Senator from Arkansas [Mr. FULBRIGHT] would vote "nay."

The result was announced—yeas 34, nays 48, as follows:

YEAS—34

Anderson	Hickenlooper	McClellan
Barrett	Hunt	Mundt
Bricker	Johnson, Colo.	Russell
Bridges	Johnston, S. C.	Schoeppel
Byrd	Kuchel	Smith, Maine
Case	Langer	Stennis
Dirksen	Long	Watkins
Dworshak	Malone	Welker
Ellender	Martin	Williams
Gillette	Maybank	Young
Goldwater	McCarran	
Griswold	McCarthy	

NAYS—48

Aiken	Hayden	Monroney
Beall	Hendrickson	Morse
Bennett	Hennings	Murray
Bush	Hill	Neely
Butler, Md.	Hoey	Pastore
Carlson	Holland	Payne
Clements	Humphrey	Potter
Cooper	Jackson	Purtell
Cordon	Johnson, Tex.	Robertson
Douglas	Kennedy	Saltonstall
Eastland	Kerr	Smith, N. J.
Ferguson	Knowland	Sparkman
Flanders	Lehman	Symington
George	Magnuson	Taft
Gore	Mansfield	Thye
Green	Millikin	Wiley

NOT VOTING—13

Butler, Nebr.	Frear	Kilgore
Capehart	Fulbright	Smathers
Chavez	Ives	Tobey
Daniel	Jenner	
Duff	Kefauver	

So Mr. LONG's motion was rejected.

Mr. LONG. Mr. President, on behalf of the Senator from Idaho [Mr. WELKER] and myself, I move to recommit the bill to the Committee on Foreign Relations with instructions to report the bill back with an amendment limiting the total amount of authorizations to \$4,998,000,000. I arrive at that figure because that is the figure the House allowed.

Some Senators say they want to cut the bill in the Appropriations Committee. Let us not kid ourselves. The House of Representatives will be the body to cut the appropriation. It will be the same old story. The House will cut the bill substantially and a fight will be made in the Senate to get the money back. The House has already cut this pending bill by almost \$500 million. The fight in conference will be to restore the higher figure. The same thing will happen in

the Committee on Appropriations. The appropriation bill must originate in the House of Representatives. The House will make a substantial reduction. When the bill reaches the Senate side, it will be referred to the Committee on Appropriations. The Committee on Appropriations will then go along with the judgment of the majority of the committee and they will be joined by members of the Committee on Foreign Relations. In resisting further reductions most of this group will support the Appropriations Committee, and it will be almost impossible to reduce the appropriation when it reaches the floor.

Why can we not go along with economy for a change? Why can we not go along with the House in effecting economies? That is what I am asking here.

I have mentioned the date of July 15. The committee could report the bill back sooner than that. Why must the Senate always be the body which tries to restore the cuts which the House endeavors to make?

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. ROBERTSON. If we are to accept the House figure, why move to recommit the bill at all? Why not reduce the amount to the House figure, so that we can vote it up or down?

Mr. LONG. It seems to me that it is possible that our committee might find some reductions which would be even more wise and prudent than those which the House committee made.

Mr. ROBERTSON. Some of us must serve on the Appropriations Committee. We would like to have the opportunity to hear the evidence on this subject before July 15. The Senator's first motion to recommit included a plan to delay action. If the Senator is interested only in economy, and he wishes to effect economies to the extent of a reduction to the House figure, why does he not amend his motion and let us vote on that specific issue, without compelling us to send the bill back to committee, thus delaying the entire program and perhaps keeping us here until September?

Mr. LONG. I have not prepared a motion in that form. I believe it would be wiser to ask the committee to make reductions where they can best be made. The committee would certainly have the benefit of advice in doing so.

Mr. President, on my motion, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. KNOWLAND obtained the floor.

Mr. LEHMAN. Mr. President—

The VICE PRESIDENT. The Senator from California has the floor.

Mr. KNOWLAND. Mr. President, I urge the Senate not to recommit the bill. We have had three motions to recommit tonight. The Committee on Foreign Affairs has gone into this subject. It held long hearings. I fully subscribe to the statement by the distinguished Senator from Michigan [Mr. FERGUSON] and the Senator from Ohio [Mr. TAFT], that this is not a mandatory authorization in any sense of the word. The committee itself made it very clear that the authorization figure is a ceiling.

Time after time the Congress passes authorization bills, in connection with rivers and harbors improvements, civil functions, Interior Department matters, military establishments, and other subjects with respect to which appropriations are not made at the time. This bill is in no sense mandatory upon the Congress. It is in no sense mandatory upon the Appropriations Committee.

I submit that if we are to complete the legislative program, we cannot be continually sending bills back to committee. The committee would finally report by the 15th of the month. As the Senator from Louisiana says, the committee might report earlier. The committee might or might not report earlier. We have already completed three days of debate on the bill. After the committee reported the bill back, we would reopen the entire debate. We would still be on the authorization bill. We would still have to act on the appropriation bill.

If Senators wish to spend the remainder of the year in Washington, I am willing to stay here with them, but I submit that no Senator is bound in the slightest by the authorization figure. It is a ceiling amount, and not a floor amount in any sense of the word.

In view of the fact that we have had several test votes on motions to recommit, I ask Members of the Senate to reject the pending motion, because I think they will then have more time to consider the appropriation bill and vote their convictions, so far as public policy is concerned, in connection with the appropriation bill.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield.

Mr. ROBERTSON. Let me say to the distinguished majority leader that the junior Senator from Virginia is hoping that when all the evidence is before us we can reduce the appropriation, in view of the carryover of \$12 billion in addition to what is now authorized in the bill.

I am absolutely unwilling to vote, as the distinguished Senator from California has said, to delay, to delay, to delay. I agree with him that we should oppose the motion, with the full understanding that not only those of us who are on the Committee on Appropriations but the entire membership of the Senate shall be perfectly free, when the appropriation bill comes before us, to cut it as much as we see fit.

Mr. WILEY. Mr. President, in the last 2 days I have not had too much to say, particularly because I have a cold in my head. When Senators say that we have not cut the bill, I want to cite some facts. The Truman budget request was for \$7,600,000,000. The administration requested \$1,762,000,000 less. The revised administration request was \$354 million less than that. The committee, after weeks and weeks and weeks of deliberation, cut the figure another \$156 million, making a total reduction from the Truman budget of \$2,282,000,000.

It has been said several times today that there has not been any reduction made. Those are the figures.

Mr. President, I have a short statement which I ask unanimous consent to have printed in the RECORD at this point, as a part of my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR WILEY

Before the Senate votes on final passage of this bill, I want to reemphasize briefly what is involved here.

First. The bill will make a vital contribution to the security of the United States and to the cause of world peace.

Second. The amounts have been carefully screened and greatly reduced. They have been judged by our experts to be essential to do the job which the defense of the free world requires.

Third. President Eisenhower himself has assured us that the funds authorized in this bill will buy more security for the United States per dollar than a similar amount spent on our own Armed Forces.

Fourth. The authorization is well within the capacity of the American economy to support. Administration leaders who are most anxious to reduce Federal expenditures—including the Secretary of the Treasury—have testified to that fact.

This is perhaps the most opportune moment of the last 3 years for bold and forthright action; but not only is such action opportune at this juncture in world affairs, it is imperative.

We have come up a long, hard road, Mr. President. We may be nearing the top, and it is always the last few feet which are the most difficult. But if the battle is hard for us, we can draw renewed strength from the knowledge that it is also hard for the enemy.

This is the time when a little extra effort can result in very great progress. But if we falter, we fall back and lose much of the progress which we have already made at such great cost.

Mr. President, the mutual security program is beginning to pay off. The Iron Curtain is beginning to come apart at the seams. We see tangible evidence in Berlin, in Czechoslovakia, and in other satellites. The Far East may be next. The Chinese people are not going to kowtow to Moscow forever.

We have got the Kremlin on the run. This is no time to ease the pressure. This is no time to lose the momentum we have built up over the past few years. This is the time to pour it on.

The irresistible power of freedom is at work in the world today, Mr. President. Although it is plain that the general trend of events is in our favor, no one can foresee the precise turn which events may take at any point. In the days ahead, the President of the United States may have to make decisions as momentous and as far-reaching as any which have ever been made by an American Chief Executive. It is no surrender or diminution of the constitutional prerogatives of the Congress to remind the Senate that these decisions may very well be of a kind which can be made only by the President. He can have—and I am sure he will have—the advice and counsel of his Cabinet, of his experts, and of the Congress. But when the advice is given, when the experts pack their briefcases and depart, the decisions remain to be made by the President. He is the constitutional head of our Government. He is the Commander in Chief of our Armed Forces. His is the responsibility which cannot be delegated—and it is a terrible responsibility, Mr. President, exercised at times in terrible loneliness.

It is at times such as this that we owe it, not only to the President but also to ourselves and to the country, to give him the fullest possible measure of support. We may

later, with the benefit of hindsight, debate the wisdom of what he has done. But from the leisurely vantage point of history, we can never feel the awful pressure which was upon him when he did it. And we cannot, in the heat of the moment, have all the facts which the President has.

And so, Mr. President, speaking as one individual Senator who deeply feels his constitutional responsibilities and who is deeply aware of the peril in which we live today, I take this opportunity to give public assurance to the President of the United States that, whatever difficulties may lie ahead for him and for us in this world, he will have my unwavering support. My heart and my prayers are with him.

As one measure of that support, I shall vote "aye" on the passage of this bill.

SEVERAL SENATORS. Vote! Vote! Vote!

Mr. WELKER. Mr. President, I offer an amendment, as follows:

SEC. 610. Notwithstanding the amounts authorized in the act, the aggregate of such amounts shall be reduced by \$1 billion.

Mr. President, that completely nullifies the argument we have heard made to the effect that we are engaging in dilatory tactics and that we want to delay the bill.

I want to say again, as I said last year, that we had better start giving the American taxpayer some consideration. I have repeated over and over again that I believe this is the way to economize. I am happy to join with the distinguished Senator from Louisiana.

By voting on my amendment we would have a direct vote on the matter, and we could not be accused of dilatory tactics. Senators who want to economize will have the opportunity to do so, and to have their names called when the vote is taken.

SEVERAL SENATORS. Vote! Vote! Vote!

Mr. MALONE. Mr. President, will the Senator yield?

Mr. WELKER. I yield.

Mr. MALONE. I should like to ask the distinguished Senator from Idaho if he agrees with the junior Senator from Nevada that the taxpayer is the forgotten man.

Mr. WELKER. I certainly agree 100 percent with the distinguished Senator from Nevada, that in this country the American taxpayer is the forgotten man.

The VICE PRESIDENT. The motion to recommit takes precedence over the amendment offered by the Senator from Idaho [Mr. WELKER]. The question is on agreeing to the motion to recommit.

Mr. WELKER. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Chair will inform the Senator from Idaho that the motion to recommit takes precedence over the amendment which the Senator from Idaho has offered.

Mr. WELKER. May I ask my distinguished colleague and coauthor, the Senator from Louisiana [Mr. LONG], to withdraw his motion to recommit?

Mr. LONG. The yeas and nays have been ordered. I would withdraw my motion with the understanding that I would offer my motion again after a vote is had on the Senator's amendment. If I am given unanimous consent to do so, I will withdraw the motion.

Mr. KNOWLAND. I object.

The VICE PRESIDENT. Objection is heard. The question is on agreeing to the motion of the Senator from Louisiana [Mr. LONG] to recommit the bill.

SEVERAL SENATORS. Vote! Vote! Vote!

Mr. CASE. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. CASE. Would a motion to amend the motion to recommit be in order?

The VICE PRESIDENT. The Senator could move to amend the instructions.

Mr. CASE. Could the Senator from Idaho offer an amendment to amend the instructions by changing the date?

The VICE PRESIDENT. The Senator from Idaho could do so.

Mr. WELKER. I do not wish to do that, because I want to get away from the accusation that we are indulging in dilatory tactics. I want to follow a fair and honest course toward a vote on whether or not we in the Senate want to economize.

Mr. CASE. My suggestion was that the motion could be amended by changing the date. It would not have to be July 15. It could be July 10, for example. The motion could be amended to instruct the committee to report back at an earlier date. It could be July 10, for example.

Mr. LEHMAN. Mr. President, I have heard a great deal of glib talk about economy. I am in favor of economy as much as is anyone, any other Senator. But it is not economy to cut appropriations, certainly not appropriations for defense. That is what is proposed to be done today. I do not like taxes any more than does anyone else. I wish they could be cut. I wish the budget could be reduced so that it could be brought into line with revenue. At the same time I am not willing to sacrifice the security of our Nation to the principle of balancing the budget or cutting taxes. That is what is proposed to be done today.

As the Senator from Wisconsin, the distinguished chairman of the Committee on Foreign Relations, has stated, the original recommendation of President Truman, when he submitted his budget, was for \$7,600,000,000. It was reduced by President Eisenhower to approximately \$5,600,000,000, and it was reduced by the committee by \$300 million more. So that there has been already proposed a reduction of \$2 billion. We simply cannot take the chance of cutting it more than that.

Mr. WILEY. It has been reduced by \$2,282,000,000.

Mr. LEHMAN. A reduction has already been made of \$2,282,000,000.

SEVERAL SENATORS. Vote! Vote! Vote!

Mr. LEHMAN. It is proposed to cut these very necessary appropriations, which would help to strengthen our allies at a time when we need allies, and when we cannot afford to go it alone.

The senior Senator from Georgia [Mr. GEORGE] said that if ever the Iron Curtain dropped at the Atlantic shore it would be tragic. Of course, it would be tragic. However, unless we encourage our allies abroad, in Europe, and in other areas of the world, to do their part—

and they are not able to do it all by themselves—we will find ourselves without any allies and we will find ourselves alone. Though such a course has been proposed by some persons, it would be the greatest calamity that could possibly occur in the history of our Nation.

So I very much hope that neither the proposal of the distinguished Senator from Louisiana nor the proposal of the distinguished Senator from Idaho will prevail.

I do not think what they propose is economy at all. It is quite the opposite. I think it is extravagance. I believe anything that jeopardizes the safety and the security of our country and the safety and the security of the free world is extravagance, not economy.

Of course it is very easy to talk about economy and about making cuts. All of us would like to do it. However, I beg Senators not to make cuts in appropriations or authorizations which will jeopardize the security of our country and the security of the free world, which of course are completely intertwined. That is what would happen if we further cut the authorizations in the bill.

I feel very sad that we have not authorized a larger amount for mutual security, just as I feel very sad to think that the appropriations for the Air Force are proposed to be cut. I do not believe we can afford to do it. I think we are in a very critical state. I think we are fighting for survival. Some people say they want to fight communism, but they are not fighting communism in the place where it should be fought, and that is abroad. I believe that anything which will weaken our ability to fight the threat of communism, the threat of aggression, whether against the United States or against other parts of the free world, is a very great threat to the peace of the world.

I very much hope the motion of the Senator from Louisiana will be rejected.

Mr. LONG. Mr. President, I modify my motion by changing the date to 4 p. m., July 2. I do this in order to meet any objection on the basis of delay. The motion as thus modified will expedite the taking of action on the bill, because the total authorizations voted by the Senate and the total authorizations voted by the House will be identical, and the only point of difference will be whether individual items should be slightly greater or slightly less.

So the result of agreeing to my motion, as modified, would be that, actually, faster action would be taken; and I submit that by agreeing to the motion, we would be assuring that we would be voting to achieve the same kind of economy the House of Representatives voted to achieve when it passed House bill 5710 and sent it to the Senate.

The VICE PRESIDENT. Since the yeas and nays have been ordered on the motion, the time has passed when the Senator who made the motion can modify it. However, the Senator from Louisiana can move that the motion be amended, and the Chair puts that question at this time:

The question is on agreeing to the motion of the Senator from Louisiana to amend his motion in the way stated.

The motion to amend the motion to recommit was agreed to.

The VICE PRESIDENT. The question now is on agreeing to the motion, as amended, of the Senator from Louisiana, on behalf of himself and the Senator from Idaho, to recommit the bill, with instructions.

On this question the yeas and nays have been ordered, and the Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. DIRKSEN (when his name was called). The majority leader, the Senator from Ohio [Mr. TAFT], has been compelled to leave the Chamber. I have a pair with him. If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." Under the circumstances, I withhold my vote.

The call of the roll was resumed and concluded.

Mr. SALTONSTALL. I announce that the Senator from Maryland [Mr. BUTLER], the Senator from Nebraska [Mr. BUTLER], the Senator from Pennsylvania [Mr. DUFF], the Senator from Indiana [Mr. JENNER], and the Senator from Ohio [Mr. TAFT] are necessarily absent.

The Senator from Indiana [Mr. CAPEHART], the Senator from New Hampshire [Mr. TOBEY], and the Senator from New York [Mr. IVES] are absent by leave of the Senate; the Senator from New York having been appointed a delegate to attend the International Labor Organization Conference at Geneva, Switzerland.

Mr. CLEMENTS. I announce that the Senator from New Mexico [Mr. CHAVEZ] and the Senator from Florida [Mr. SMATHERS] are absent on official business.

The Senator from Texas [Mr. DANIEL], the Senator from Arkansas [Mr. FULBRIGHT], and the Senator from Tennessee [Mr. KEFAUVER] are absent by leave of the Senate.

The Senator from Delaware [Mr. FREAR] is absent by leave of the Senate on official committee business.

The Senator from Delaware [Mr. FREAR] is paired on this vote with the Senator from Tennessee [Mr. KEFAUVER]. If present and voting, the Senator from Delaware would vote "yea," and the Senator from Tennessee would vote "nay."

I announce further that if present and voting, the Senator from Arkansas [Mr. FULBRIGHT] would vote "nay."

The result was announced—yeas 38, nays 42, as follows:

YEAS—38

Anderson	Hickenlooper	McClellan
Barrett	Hunt	Mundt
Bricker	Johnson, Colo.	Potter
Bridges	Johnston, S. C.	Robertson
Byrd	Kennedy	Russell
Case	Kuchel	Schoeppel
Douglas	Langer	Smith, Maine
Dworshak	Long	Stennis
Ellender	Malone	Watkins
Goldwater	Martin	Welker
Gore	Maybank	Williams
Griswold	McCarran	Young
Hendrickson	McCarthy	

NAYS—42

Alken	Clements	Flanders
Beall	Cooper	George
Bennett	Cordon	Gillette
Bush	Eastland	Green
Carlson	Ferguson	Hayden

Hennings	Knowland	Pastore
Hill	Lehman	Payne
Hoey	Magnuson	Purtell
Holland	Mansfield	Saltonstall
Humphrey	Millikin	Smith, N. J.
Jackson	Monroney	Sparkman
Johnson, Tex.	Morse	Symington
Kerr	Murray	Thye
Kilgore	Neely	Wiley

NOT VOTING—15

Butler, Md.	Dirksen	Jenner
Butler, Nebr.	Duff	Kefauver
Capehart	Frear	Smathers
Chavez	Fulbright	Taft
Daniel	Ives	Tobey

So the motion to recommit, as amended, was rejected.

The VICE PRESIDENT. The bill is open to further amendment.

If there be no further amendment to be proposed, the Chair calls attention to House bill 5710, on the same subject, which is on the calendar.

Mr. WILEY. Mr. President, I move that the Senate now proceed to the consideration of House bill 5710, to amend further the Mutual Security Act of 1951, as amended, as for other purposes; that all after the enacting clause of the bill be stricken out, and that there be substituted therefor the text of Senate bill 2128, as amended.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Wisconsin.

The motion was agreed to.

The VICE PRESIDENT. The question now is on the engrossment of the amendment and third reading of the House bill.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

The VICE PRESIDENT. The bill having been read the third time, the question is, shall it pass? [Putting the question.]

The bill (H. R. 5710) was passed.

Mr. WILEY. Mr. President, I move that the Senate insist on its amendment, request a conference with the House thereon, and that the Chair appoint conferees on the part of the Senate.

The motion was agreed to, and the Vice President appointed Mr. WILEY, Mr. SMITH of New Jersey, Mr. HICKENLOOPER, Mr. KNOWLAND, Mr. GEORGE, Mr. GREEN, and Mr. SPARKMAN conferees on the part of the Senate.

The VICE PRESIDENT. Without objection, Senate bill 2128 is indefinitely postponed.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the bill be printed showing the amendment of the Senate.

The VICE PRESIDENT. Without objection, it is so ordered.

EXTENSION OF TRADE AGREEMENTS

Mr. KNOWLAND. Mr. President, I move that the Senate proceed to the consideration of House bill 5495, Calendar No. 474.

The VICE PRESIDENT. The clerk will state the bill by its title.

The LEGISLATIVE CLERK. The bill (H. R. 5495) to extend the authority of the President to enter into trade agreements

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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For actions of July 2, 1953
83rd-1st, No. 122

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HIGHLIGHTS: Senate passed trade agreement bill. Senate committee voted to report International Wheat Agreement. House committee reported FCA reorganization bill. House sent foreign aid bill to conference.

SENATE

1. TRADE AGREEMENTS. Passed with amendments H. R. 5495, to extend for 1 year the President's authority to enter into reciprocal trade agreements (pp. 8104-61). Senate conferees were appointed (p. 8161).

Agreed to the following amendments:

- By the committee, to strike out the provision increasing the number of members of the Tariff Commission (p. 8106).
- By Sen. Millikin, providing that GATT shall not be affected by enactment of the bill (p. 8106).
- By Sen. Millikin, providing that, in cases of a divided vote, the Tariff Commission shall transmit to the President the findings and recommendations of both groups (p. 8107).
- By Sen. Cordon, providing as follows: "In any case where the Secretary of Agriculture determines and reports to the President with regard to any article or articles that a condition exists requiring emergency treatment, the President may take immediate action under this section without awaiting the recommendations of the Tariff Commission, such action to continue in effect pending the report and recommendations of the Tariff Commission and action thereon by the President." (pp. 8141-6.)

Rejected the following amendments:

- By Sen. Malone, to establish a Foreign Trade Authority to be responsible to Congress, etc. (pp. 8147-9).
- By Sen. Magnuson, to strengthen the provisions of Sec. 22 of the AAAct regarding import controls on agricultural commodities (pp. 8110-46).
- By Sen. Douglas, adding a new title on customs simplification (pp. 8150-7).

By Sen. Kefauver, to extend the trade-agreements authority for 3 years (pp. 8157-60).

2. WHEAT AGREEMENT. The Foreign Relations Committee voted to report the International Wheat Agreement, Executive H (p. D652).
3. APPROPRIATIONS. H. R. 5246, the Labor-HEW appropriation bill, was made the unfinished business (p. 8166).
4. FARM PRICES. Sen. Young deplored the farm-price decline and inserted a U. S. News and World Report article stating that farmers are willing to have crop control in order to get fixed prices (pp. 8100-1). He also inserted a newspaper editorial saying farmers favor continuation of high supports on wheat (pp. 8101-2).
5. MONOPOLIES. Sen. McCarran discussed the possible need for amendments to the anti-trust laws but said Congress should make the determination (pp. 8102-4).
6. PERSONNEL. Sen. Kilgore paid tribute to the late Frank Yates, Assistant Comptroller General (p. 8102).
7. ADJOURNED until Mon., July 6 (p. 8166).

8. FARM LOANS. In reporting S. 1152 (see Digest 120), the committee agreed to an amendment, which was suggested by the Department, to limit the authority for fur-farmer loans to the making of necessary supplementary advances to those already indebted.

In reporting S. 1276 the same day, the committee amended it to make 5% the maximum interest rate on farm-tenant loans instead of a fixed rate. The present rate is 4%.

9. ANIMAL DISEASES. As reported (see Digest 120), S. 2055 authorizes the Department to control and eradicate scrapie and blue tongue in sheep, and also incipient potentially serious minor outbreaks of diseases of animals, without the necessity of declaring an emergency which must be based on a threat to the livestock industry.
10. LEGISLATIVE PROCEDURE. S. Doc. '55 is a revision of an earlier document, "Enactment of a Law -- Procedure on a Senate Bill." A small supply of this publication is available from the Legislative Reporting Staff.

HOUSE

11. FCA REORGANIZATION. The Agriculture Committee reported with amendment H. R. 4353, the FCA reorganization bill (H. Rept. 701)(p. 8218).
12. FOREIGN AID. House conferees were appointed on H. R. 5710, to extend the Mutual Security Act (p. 8214). Senate conferees were appointed July 1.
13. GRAIN STORAGE; PRICE SUPPORTS. Rep. Curtis, Nebr., claimed farmers are getting considerably less than the support price on wheat because of lack of storage space, and spoke in favor of the Martin-Curtis bills to provide additional storage facilities by granting more rapid tax amortization on such facilities (pp. 8216-7).
14. DROUGHT RELIEF. Received a Grass Roots Cattlemen (Vega, Tex.) petition for drought relief (p. 8219).

COMMITTEE ON EDUCATION AND LABOR

Mr. McCONNELL. Mr. Speaker, I ask unanimous consent that the Committee on Education and Labor may have until midnight Friday, July 3, to file reports on the bills H. R. 5691, H. R. 6049, and H. R. 6078, and that additional views may be filed by the gentleman from New York [Mr. POWELL], to accompany the reports on the bills H. R. 6049 and H. R. 6078.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

MUTUAL SECURITY ACT OF 1953

Mr. ARENDS. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 5710) to amend further the Mutual Security Act of 1951, as amended, and for other purposes, with Senate amendment thereto, disagree to the Senate amendment and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Illinois? [After a pause.] The Chair hears none and appoints the following conferees: MESSRS. CHIPERFIELD, VORYS, JUDD, RICHARDS, and BATTLE.

OAK RIDGE

(Mr. BAKER asked and was given permission to address the House for 1 minute, to revise and extend his remarks, and include extraneous matter.)

Mr. BAKER. Mr. Speaker, I rise to call the attention of the House to the difficulties in securing application of its will to the problems created by the extensive operations made necessary under the atomic-energy program. One aspect of the Manhattan project which resulted from the need for security was the establishment of large communities behind an iron curtain. These communities were owned and controlled by the Federal Government.

Since the end of World War II the residents of these communities have earnestly sought elimination of Federal ownership and the creation of as normal community relations as possible under normal community developments practiced elsewhere in this country.

In the last Congress I introduced H. R. 4901 for this purpose. All elements affected have sought to bring about this result. There are complex questions which must be resolved, and extensive efforts have been made to work out this whole question of private participation in the atomic-energy program, in the use of atomic energy as well as in the ownership of the communities in which these developments are now located.

For example, the Atomic Energy Commission appointed a panel on community operations on Oak Ridge and Richland, which issued a report known as the Scurry report, which is pending before the Joint Committee on Atomic Energy. The Town Council of Oak Ridge and similar bodies in Hanford and Richland have participated in the discussion of

pending proposals and have sought early action regarding my bill and similar bills which have been introduced before the Congress.

I am advised that the Atomic Energy Commission itself has prepared proposed legislation which the Bureau of the Budget is currently considering.

It was pending action on these proposals for private ownership of the community properties, particularly the housing, which resulted in a request of the Town Council of Oak Ridge for continuation of Federal rent control and designation of the Oak Ridge area as a critical area under Public Law 96.

The Critical Area Advisory Committee did designate the area under terms of Public Law 139, which had the identical criteria as under Public Law 96, except for the requirement that a substantial immigration of workers shall have occurred. Now in this community it was not possible to meet this criteria because the total community is a controlled community. Each house is allocated in effect by a Federal agent, and though Oak Ridge is currently faced with a tremendous expansion program unlike problems created in other communities where immigration could be shown statistically, the methods used by the Government agencies did not provide for the kind of situation which this community faced.

In order to meet this problem, Mr. Speaker, after consultation with the members of the House Banking and Currency Committee, I introduced an amendment which the committee and the House accepted and which is currently part of Public Law 23, which reads as follows:

Amendment offered by Mr. BAKER: On page 4, line 4, immediately before the colon insert the following: "(except that clause (2) of this sentence shall not apply in any area in which is located an Atomic Energy Commission installation and the housing accommodations in such area are owned by the Federal Government. However, maximum rents under this title shall not apply to any such housing accommodations when sold by the Federal Government.)"

During the course of the discussion, Chairman WOLCOTT, of the House Banking and Currency Committee, said, and I quote from page 3747 of the RECORD:

There is some question under this criteria whether, because there has been such immigration in Oak Ridge which would justify the continuance of rent control under the criteria. But all of the housing in Oak Ridge is owned by the Federal Government and is under control, and will continue to be under control as Government-owned property. An amendment will be offered which has been worked out to exempt Oak Ridge from the provisions of this criteria because we think—in fact, we have thought all along—that all of the atomic-energy installations could qualify under this new criteria. If it is found that Oak Ridge cannot qualify inasmuch as it is all Government-owned property, then I think an amendment will be offered which should be reasonably satisfactory which would keep Oak Ridge under control so long as the houses are owned by the Federal Government. But when the Federal Government sells any houses to private owners then those houses—because otherwise the area could not qualify—will be decontrolled.

I call the attention of the House, that the chairman of the committee in charge of drafting this legislation when the act was initially passed in 1947, and the leader of the minority in the subsequent revisions said in the above quote:

We have thought all along that all of the atomic energy installations could qualify under this new criteria.

Now, Mr. Speaker, what are the agencies doing with this expression of congressional intention?

Mr. Speaker, apparently the Congress is being ignored. I wrote to the Chairman of the Critical Areas Advisory Committee, Mr. Glenwood Sherrard, urging that he take action in accordance with the legislative history of this law and designate Oak Ridge and the other atomic energy communities involved as critical areas in accordance with the terms of the act.

Mr. Speaker, Public Law 23 was approved on April 30, 1953. In view of the fact that no action had been taken I wrote to the Chairman on June 18. Now, instead of complying with the intentions of the act, I find Mr. Sherrard, who is familiar with hotel problems in large cities, as an official of the Parker House chain in Boston, proceeding to decontrol not only virtually all critical areas in the country, but particularly communities covered by this amendment, including the atomic energy installations throughout the United States.

Mr. Speaker, it seems we have here a question of conformance by the downtown agencies with the will of the Congress. Mr. Speaker, this problem is one which has had broad consideration and wide attention. Under unanimous consent, I include herewith the full text of two press stories indicating the interest of the chamber of commerce and of the CIO, both of which have had committees studying this problem, and also a press release by the Office of Defense Mobilization showing decontrol of two major AEC communities:

[From the Oak Ridger, Oak Ridge, Tenn., of June 24, 1953]

CHAMBER OF COMMERCE ACTING TO HALT REMOVAL OF HOUSES HERE

The chamber of commerce Tuesday acted to halt the removal of houses from Oak Ridge and to speed up the property disposal program.

On the removal of houses, Tom Lane moved that the chamber go on record as opposing the removal of any more houses until there is a surplus in Oak Ridge. The motion was passed. A committee was appointed to bring the motion to the attention of AEC.

The committee members will be Lane, Frank Wilson, and Don McKay. The AEC is now in the process of removing flattops and TDU's.

The land-sale committee of the chamber was directed to write a strong letter to Joseph Dodge, Director of the Bureau of the Budget, expressing concern over the failure of the Bureau to complete its review of the property-disposal program.

The Bureau has been reviewing legislation prior to submitting its to Congress for more than 2 months.

The chamber is to express the concern of residents that Congress may adjourn before any action is taken this year. Copies of the letter are to be sent to Senators ESTES KEFAUVER and ALBERT GORE and Representative HOWARD BAKER, including a request that each

Derounian
Devereux
D'Ewart
Dondero
Donovan
Dorn, N. Y.
Fenton
Fernandez
Fino
Ford
Frelinghuysen
Fulton
Gamble
Gary
Gavin
Gentry
George
Golden
Goodwin
Graham
Gross
Gubser
Gwinn
Hagen, Minn.
Haley
Halleck
Harden
Harrison, Nebr.
Harrison, Va.
Harrison, Wyo.
Harvey
Hébert
Herlong
Heseltan
Hess
Hiestand
Hill
Hillings
Hoeven
Hoffman, Ill.
Holmes
Holt
Hope
Horan
Hosmer
Hruska
Hunter
Hyde
Jackson
Jarman
Javits
Jenkins
Jensen
Johnson
Jonas, Ill.
Jonas, N. C.

Jones, N. C.
Kean
Kearns
Keating
Kersten, Wis.
Kilburn
King, Pa.
Knox
Krueger
Laird
Lantaff
Latham
LeCompte
Lovre
McConnell
McCulloch
McDonough
McGregor
McIntire
McMillan
Mack, Wash.
Mailliard
Marshall
Martin, Iowa
Mason
Meador
Merrill
Morrow
Miller, Kans.
Miller, Md.
Miller, Nebr.
Morano
Mumma
Neal
Nicholson
Norblad
Oakman
O'Hara, Minn.
O'Konski
Osmers
Ostertag
Patterson
Pelly
Phillips
Pillion
Poff
Powell
Prouty
Radwan
Ray
Reams
Reece, Tenn.
Reed, N. Y.
Rees, Kans.
Rhodes, Ariz.

Riehlman
Robeson, Va.
Robson, Ky.
Rogers, Fla.
Sadlak
St. George
Saylor
Schenck
Scherer
Scott
Scrivner
Scudder
Seely-Brown
Short
Shuford
Sieminski
Simpson, Ill.
Simpson, Pa.
Small
Smith, Va.
Smith, Wis.
Springer
Stauffer
Stringfellow
Taber
Talle
Taylor
Thomas
Thompson, Mich.
Tollefson
Tuck
Utt
Van Pelt
Van Zandt
Velde
Vorys
Vursell
Wainwright
Walter
Wampler
Warburton
Watts
Weichel
Westland
Wharton
Widnall
Williams, N. Y.
Wilson, Calif.
Wilson, Ind.
Withrow
Wolverton
Young
Younger

NOT VOTING—39

Bentley
Bonner
Brooks, La.
Colmer
Condon
Curtis, Mass.
Dawson, Ill.
Dies
Dolliver
Durham
Ellsworth
Engle
Fogarty

Gathings
Hale
Hand
Hart
Heller
Hillelson
Hoffman, Mich.
James
Kearney
Lane
Lucas
McVey
Mack, Ill.

Morrison
O'Brien, Ill.
Rayburn
Reed, Ill.
Regan
Richards
Rivers
Shafer
Sheehan
Smith, Kans.
Teague
Wigglesworth
Wolcott

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Rayburn for, with Mr. Wolcott against.
Mr. Dies for, with Mr. Ellsworth against.
Mr. Heller for, with Mr. Hillelson against.
Mr. Teague for, with Mr. McVey against.
Mr. Morrison for, with Mr. Reed of Illinois against.
Mr. O'Brien of Illinois for, with Mr. Kearney against.
Mr. Lane for, with Mr. Richards against.
Mr. Brooks of Louisiana for, with Mr. Colmer against.
Mr. Gathings for, with Mr. Rivers against.
Mr. Hart for, with Mr. Shafer against.
Mr. Fogarty for, with Mr. Curtis of Massachusetts against.
Mr. Engel for, with Mr. Wigglesworth against.
Mr. Durham for, with Mr. Hand against.
Mr. Condon for, with Mr. Bonner against.
Mr. Mack of Illinois for, with Mr. Sheehan against.
Mr. Dawson for, with Mr. James against.

Until further notice:

Mr. Hoffman of Michigan with Mr. Lucas.
Mr. Dolliver with Mr. Regan.

Mr. HINSHAW changed his vote from "nay" to "yea."

Mr. SHELLEY changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. SCRIVNER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 386, nays 0, not voting 44, as follows:

[Roll No. 76]

YEAS—386

Abbutt
Abernethy
Adair
Addonizio
Albert
Alexander
Allen, Calif.
Allen, Ill.
Andersen
August H.
Andrews
Angell
Arends
Ashmore
Aspinall
Auchincloss
Ayres
Bailey
Baker
Barden
Barrett
Bates
Battle
Beamer
Becker
Belcher
Bender
Bennett, Fla.
Bennett, Mich.
Bentsen
Berry
Betts
Bishop
Blatnik
Boggs
Boland
Bolling
Bolton
Bolton, Frances P.
Bolton, Oliver P.
Bonin
Bosch
Bow
Boykin
Bramblett
Bray
Brooks, Tex.
Brown, Ga.
Brown, Ohio
Brownson
Broyhill
Buchanan
Buckley
Budge
Burdick
Burleson
Busbey
Bush
Byrd
Byrne, Pa.
Byrnes, Wis.
Camp
Campbell
Canfield
Cannon
Carlyle
Carnahan
Carrigg
Case
Cederberg
Celler
Chatham
Chelf
Chenoweth
Chiperfield

Chudoff
Church
Clardy
Clevenger
Cole, Mo.
Cole, N. Y.
Cooley
Coon
Cooper
Corbett
Cotton
Coudert
Cretella
Cresser
Crumpacker
Cunningham
Curtis, Mo.
Curtis, Nebr.
Dague
Davis, Ga.
Davis, Tenn.
Davis, Wis.
Dawson, Utah
Delaney
Dempsey
Derounian
Devereux
D'Ewart
Dingell
Dodd
Dollinger
Dondero
Donohue
Donovan
Dorn, N. Y.
Dorn, S. C.
Dowdy
Doyle
Eberhart
Edmondson
Elliott
Fallon
Feighan
Fenton
Fernandez
Fine
Fino
Fisher
Forand
Ford
Forrester
Fountain
Frazier
Frelinghuysen
Friedel
Fulton
Gamble
Garmatz
Gary
Gavin
Gentry
George
Golden
Goodwin
Gordon
Graham
Granahan
Grant
Green
Gregory
Gross
Gubser
Gwinn
Hagen, Calif.
Hagen, Minn.
Haley
Halleck
Harden

Hardy
Harris
Harrison, Nebr.
Harrison, Va.
Harrison, Wyo.
Harvey
Hays, Ark.
Hays, Ohio
Hébert
Herlong
Heseltan
Hess
Hiestand
Hill
Hillings
Hinshaw
Hoeven
Hoffman, Ill.
Hollifield
Holmes
Holt
Holtzman
Hosmer
Howell
Hruska
Hunter
Hyde
Ikard
Jackson
Jarman
Javits
Jenkins
Jensen
Johnson
Jonas, Ill.
Jonas, N. C.
Jones, Ala.
Jones, Mo.
Jones, N. C.
Judd
Karsten, Mo.
Kean
Kearns
Keating
Kee
Kelley, Pa.
Kelly, N. Y.
Keogh
Kersten, Wis.
Kilburn
Kilday
King, Calif.
King, Pa.
Kirwan
Klein
Kluczynski
Knox
Krueger
Laird
Landrum
Lanham
Lantaff
Latham
LeCompte
Lesinski
Long
Lovre
Lyle
McCarthy
McConnell
McCormack
McCulloch
McDonough
McGregor
McIntire
McMillan
Machrowicz
Mack, Wash.

Madden
Magnuson
Mahon
Mailliard
Marshall
Martin, Iowa
Mason
Matthews
Meador
Merrill
Morrow
Metcalf
Miller, Calif.
Miller, Kans.
Miller, Md.
Miller, Nebr.
Miller, N. Y.
Mills
Mollohan
Morano
Morgan
Moss
Moulder
Multer
Mumma
Murray
Neal
Nelson
Nicholson
Norblad
Norrell
Oakman
O'Brien, Mich.
O'Brien, N. Y.
O'Hara, Ill.
O'Hara, Minn.
O'Konski
O'Neill
Osmers
Ostertag
Passman
Patman
Patten
Patterson
Pelly
Perkins
Pfost
Philbin
Phillips
Pilcher
Pillion
Poage
Poff

Polk
Powell
Preston
Price
Priest
Prouty
Rabaut
Radwan
Rains
Ray
Reece, Tenn.
Reed, N. Y.
Rees, Kans.
Rhodes, Ariz.
Rhodes, Pa.
Riehlman
Riley
Roberts
Robeson, Va.
Robson, Ky.
Rodino
Rogers, Colo.
Rogers, Fla.
Rogers, Mass.
Rogers, Tex.
Rooney
Roosevelt
Sadlak
St. George
Saylor
Schenck
Scherer
Scott
Scrivner
Scudder
Secrest
Seely-Brown
Selden
Shelley
Sheppard
Short
Shuford
Sieminski
Sikes
Simpson, Ill.
Simpson, Pa.
Small
Smith, Miss.
Smith, Va.
Smith, Wis.
Spence
Springer
Staggers

Stauffer
Steed
Stringfellow
Sullivan
Sutton
Taber
Talle
Taylor
Thomas
Thompson, La.
Thompson, Mich.
Thompson, Tex.
Thornberry
Tollefson
Trimble
Tuck
Utt
Van Pelt
Van Zandt
Velde
Vinson
Vorys
Vursell
Wainwright
Walter
Wampler
Warburton
Watts
Weichel
Westland
Wharton
Wheeler
Whitten
Wickersham
Widnall
Wier
Williams, Miss.
Williams, N. Y.
Willis
Wilson, Calif.
Wilson, Ind.
Wilson, Tex.
Winstead
Withrow
Wolverton
Yates
Yorty
Young
Younger
Zablocki

NOT VOTING—44

Bentley
Bonner
Brooks, La.
Colmer
Condon
Curtis, Mass.
Dawson, Ill.
Deane
Dies
Dolliver
Durham
Ellsworth
Engle
Evins
Fogarty

Gathings
Hale
Hand
Hart
Heller
Hillelson
Hoffman, Mich.
Hope
Horan
James
Kearney
Lane
Lucas
McVey
Mack, Ill.

Morrison
O'Brien, Ill.
Rayburn
Reams
Reed, Ill.
Regan
Richards
Rivers
Shafer
Sheehan
Smith, Kans.
Teague
Wigglesworth
Wolcott

So the bill was passed.

The Clerk announced the following pairs:

Mr. Wolcott with Mr. Rayburn.
Mr. Wigglesworth with Mr. Dies.
Mr. Bentley with Mr. Morrison.
Mr. Reed of Illinois with Mr. Heller.
Mr. Smith of Kansas with Mr. Gathings.
Mr. Hand with Mr. O'Brien of Illinois.
Mr. Sheehan with Mr. Teague.
Mr. Shafer with Mr. Engle.
Mr. James with Mr. Evins.
Mr. Kearney with Mr. Lane.
Mr. McVey with Mr. Lucas.
Mr. Ellsworth with Mr. Regan.
Mr. Curtis of Massachusetts with Mr. Brooks of Louisiana.
Mr. Dolliver with Mr. Bonner.
Mr. Hale with Mr. Colmer.
Mr. Hillelson with Mr. Condon.
Mr. Horan with Mr. Fogarty.
Mr. Hoffman of Michigan with Mr. Hart.
Mr. Hope with Mr. Durham.
Mr. Reams with Mr. Richards.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 13, 1953
For actions of July 10 and 11, 1953
83rd-1st, Nos. 127 and 128

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HIGHLIGHTS: House received conference reports on drought-relief and mutual security bills. House Rules Committee cleared FCA-reorganization and customs-simplification bills. House passed bill authorizing surplus-property use for disaster relief. House passed excess-profits tax bill. House committee reported supplemental appropriation bill. Senate passed second independent of-
fices appropriation bill. Senate agreed to investigation of unfit-wheat imports. Senate committee reported wheat-quotas bill. Senate leader announced wheat-agreement debate for today.

SENATE - July 10

APPROPRIATIONS. Passed with amendments H. R. 5690, the second independent offices appropriation bill for 1954, which includes funds for the Tennessee Valley Authority, Veterans' Administration, and Selective Service System (pp. 8742-84). Senate conferees were appointed (p. 8784). Agreed to a committee amendment "to clarify the proviso that the cutting off of the 4 percent gratuity on loans to veterans for the purchase or construction of homes, farms and business property by September 1, 1953, would not apply to loans previously made." Agreed to a committee provision that under any contract between a State or its subdivision and the Veterans' Administration for on-farm training, etc., the State or subdivision shall not be liable for disallowed subsistence allowances unless the State or subdivision shared in the blame. Agreed to a modified Cooper amendment to increase funds by \$1,350,000 for resource development by TVA. Rejected a Kefauver amendment increasing TVA by \$30,000,000. The committee report states the following regarding TVA: "The committee directs the Authority by the end of the fiscal year 1954 to turn over to Federal, State, or local governments or public or private agencies the responsibility for continuing their respective parts of the resource development program."

WHEAT. The Agriculture and Forestry Committee reported with amendments H. R. 5451, to amend the wheat marketing quota law (S. Rept. 520)(p. 8730). The "Daily Digest" states: "The major amendment approved by the committee would decrease from 66 to 61 million acres the minimum 1954 wheat acreage allotment" (p. D684).

This bill was made the unfinished business (p. 8792).

Agreed, without amendment, to S. Res. 127, to authorize the Agriculture and Forestry Committee to investigate importation of unfit wheat from Canada (p. 8786).

Sen. Knowland announced that it is intended to debate the International Wheat Agreement today (p. 8749).

Foreign

3. FOREIGN TRADE. The Interstate and Commerce Committee reported without amendment S. Con. Res. 40, favoring the placing of the inscription "United States of America" on containers of American-made goods for export (S. Rept. 514)(p.8733).

HOUSE - July 10

4. DROUGHT RELIEF. Received the conference report on H. R. 6054, the drought-relief bill (H. Rept. 769)(pp. 8703-4). The conference substitute in general follows the provisions of the House version. The following were among the actions of the conferees: Inserted "established" before "farmers and stockmen". Struck out the limitation that local loan committees must be appointed from local financing institutions and livestock operators. Adopted the House provision for emergency assistance in furnishing feed and seed except that the specific authorization to waive payment was eliminated. Restored the authority for the Secretary to use any part of the Department in carrying out the bill. Restored the Senate provision on security for loans.
5. FOREIGN AID. Received the conference report on H. R. 5710, to extend and amend the Mutual Security Act (H. Rept. 770)(pp. 8720-6). The conferees agreed upon an authorization of \$5,157,232,500, compared with a House figure of \$4,998,732,500 and a Senate figure of \$5,318,732,500. Agreed to a modified version on use of surplus agricultural commodities requiring that, of the funds authorized, not less than \$100,000,000 and not more than \$250,000,000 "shall be used directly or indirectly, to finance the purchase of surplus agricultural commodities." (The House conferees' statement says the provision for "indirect" financing "is to permit reimbursement of the Commodity Credit Corporation for commodities supplied from its stocks.") Under the modified provision, sale of agricultural surpluses for local currencies is authorized, and such currencies are to be kept in a special U. S. account and may be utilized for the purposes set forth in the legislation without appropriation by Congress; local currencies so acquired may be spent only for the purposes of the Mutual Security Act; and special precautions are to be taken to prevent disposing of surpluses in a manner which would displace normal market arrangements and to insure that maximum use will be made of private trade channels.
6. FCA REORGANIZATION; FOREIGN TRADE; FOOD INSPECTION. The Rules Committee reported resolutions providing for the consideration of H. R. 4353, the FCA reorganization bill; H. R. 5877, the customs-simplification bill; and H. R. 5740, to amend the Federal Food, Drug, and Cosmetic Act, providing for certain authority for factory inspection (p. 8727).
7. RESEARCH. Received from this Department a proposed bill to amend the Bankhead-Jones Act so as to broaden the authority to carry on research under contract; to Agriculture Committee (p. 8727). The Senate received this proposed legislation on July 11; to Agriculture and Forestry Committee (p. 8794).
8. TAXATION. Passed without amendment, 325-77, H. R. 5898, to extend the excess-profits tax until Dec. 31, 1953 (pp. 8665-701).

MUTUAL SECURITY ACT OF 1953

JULY 10, 1953.—Ordered to be printed

MR. CHIPERFIELD, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H. R. 5710]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 5710) to amend further the Mutual Security Act of 1951, as amended, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *That this Act may be cited as the "Mutual Security Act of 1953"*.

CHAPTER I—MILITARY ASSISTANCE

SEC. 101. AUTHORIZATION OF APPROPRIATION.—*The Mutual Security Act of 1951, as amended, is amended by adding at the end thereof the following new section:*

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 540. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$2,129,689,870 to be available under section 101 (a) (1) (relating to military assistance for Europe): Provided, That of the equipment and materials made available under section 101 (a) (1) with funds appropriated pursuant to the authorization contained in this section, 50 per centum shall be transferred to the organization referred to in clause (C) of section 2(b) or to the countries which become members thereof, unless the Congress, upon the recommendation of the President, shall hereafter otherwise provide;

\$305,212,637 to be available under section 201 (relating to military assistance for the Near East and Africa); \$1,081,620,493 to be available under section 301 (relating to military and other assistance for Asia and the Pacific); and \$15,000,000 to be available under section 401 (relating to military assistance for Latin America)."

CHAPTER II—MUTUAL DEFENSE FINANCING

SEC. 201. AUTHORIZATION OF APPROPRIATIONS.—(a) The Mutual Security Act of 1951, as amended, is amended by adding after section 540 the following new section:

"*SEC. 541.* There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$250,000,000 to carry out the provisions of section 101 (a) (2) (relating to defense support and economic assistance for Europe), and not to exceed \$84,000,000 to carry out the provisions of section 302 (a) (relating to defense support, economic and technical assistance), including the exploration and development of mineral and petroleum resources, for the National Government of the Republic of China and the Associated States of Cambodia, Laos, and Vietnam."

(b) Such Act, as amended, is further amended by inserting after section 101 the following new section:

"*SEC. 102.* There is hereby authorized to be appropriated to the President for the fiscal year 1954, to be made available on such terms and conditions, including transfer of funds, as he may specify, (1) not to exceed \$100,000,000 for manufacture in France of artillery, ammunition, and semiautomatic weapons required by French forces for the defense of the North Atlantic area, and (2) not to exceed \$100,000,000 for manufacture in the United Kingdom of military aircraft required by United Kingdom forces for the defense of the North Atlantic area."

(c) Such Act, as amended, is further amended by inserting after section 303 the following new section:

"*SEC. 304.* There is hereby authorized to be appropriated to the President for the fiscal year 1954, to be made available on such terms and conditions, including transfer of funds, as he may specify, not to exceed \$400,000,000 for the procurement of equipment, materials, and services (as defined in section 411 of the Mutual Defense Assistance Act of 1949, as amended) which are required by and are to be made available to, or are necessary for the support of, the forces of the Associated States of Cambodia, Laos, and Vietnam and the forces of France located in such Associated States."

CHAPTER III—MUTUAL SPECIAL WEAPONS PLANNING

SEC. 301. AUTHORIZATION OF APPROPRIATION.—The Mutual Security Act of 1951, as amended, is amended by adding after section 541 the following new section:

"*SEC. 542.* There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$100,000,000 for the purpose of furnishing special weapons to nations eligible to receive military assistance under this Act or to the international organizations referred to in section 2 (b) (A) and 2 (b) (C) of this Act: Provided, That, prior to the obligation of funds for this purpose, the President shall determine that such obligation is of direct importance to the security

interest of the United States and is in furtherance of the policies and purposes of the Mutual Defense Assistance Act of 1949, as amended: And provided further, That, prior to the transfer of such weapons, the President shall determine (1) that the recipient is adequately prepared to safeguard the security of such weapons; (2) that the transfer of such weapons will be of direct importance to the security interest of the United States; and (3) that such transfer will further the purposes and policies of the Mutual Defense Assistance Act of 1949, as amended. Nothing contained in this section shall alter, amend, revoke, repeal, or otherwise affect the provisions of any law restricting, limiting, or prohibiting the transfer of any such weapons. Notwithstanding any other provisions of this Act, funds made available pursuant to this section may be used only for the purpose of this section."

CHAPTER IV—TECHNICAL ASSISTANCE

SEC. 401. AUTHORIZATION OF APPROPRIATION.—The Mutual Security Act of 1951, as amended, is amended by adding after section 542 the following new section:

"SEC. 543. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$43,792,500 to carry out the provisions of section 203 (relating to economic and technical assistance for the Near East and Africa); \$72,100,000 to carry out the provisions of section 302 (a) (relating to defense support, economic and technical assistance) other than for the National Government of the Republic of China and the Associated States of Cambodia, Laos, and Vietnam; and \$24,342,000 to carry out the provisions of section 402 (relating to technical assistance for Latin America)."

SEC. 402. AUTHORIZATION OF APPROPRIATION FOR BASIC MATERIALS.—Section 514 (relating to basic materials) of the Mutual Security Act of 1951, as amended, is amended by adding at the end thereof the following sentence: "There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$7,500,000 to carry out the provisions of this section."

CHAPTER V—SPECIAL REGIONAL ECONOMIC ASSISTANCE

SEC. 501. NEAR EAST AND AFRICA.—Section 206 (relating to refugees) of the Mutual Security Act of 1951, as amended, is amended to read as follows:

"SEC. 206. In order to further the purpose of this Act in the Near East and Africa, there is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$194,000,000 to be used, on such terms and conditions as he may specify, to furnish special economic assistance designed to promote the economic development of the area, for relief and rehabilitation of refugees in the area, and for other types of economic assistance to assist in maintaining economic and political stability in the area. The applicable provisions of the Act for International Development (64 Stat. 204; 22 U. S. C. 1557), except the provisions relating to the purpose for which assistance may be given, or of section 503 (b) (3) of this Act, shall apply to the expenditure of funds pursuant to this section to the extent that they are not inconsistent with the purposes of this section."

SEC. 502. INDIA AND PAKISTAN.—Section 302 (relating to economic and technical assistance for Asia and the Pacific) of the Mutual Security Act of 1951, as amended, is amended by redesignating subsection (b) as subsection (c), and by inserting after subsection (a) the following new subsection (b):

“(b) In order to further the purpose of this Act in India and Pakistan, there is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$94,400,000 to be used, on such terms and conditions as he may specify, to furnish special economic assistance designed to promote the economic development of such countries, to assist in maintaining economic and political stability therein, and to enable the countries designated in this subsection to make greater progress toward solving their mutual problems in cooperation with each other. The applicable provisions of the Act for International Development, except the provisions relating to the purpose for which assistance may be given, or of section 503 (b) (3) of this Act, shall apply to the expenditure of funds pursuant to this section to the extent that they are not inconsistent with the purposes of this section.”

CHAPTER VI—MULTILATERAL ORGANIZATIONS

SEC. 601. MOVEMENT OF MIGRANTS.—Section 534 (relating to the movement of migrants) of the Mutual Security Act of 1951, as amended, is amended by adding at the end thereof the following new sentence: “There is hereby authorized to be appropriated to the President not to exceed \$10,000,000 for contributions during the calendar year 1954 to the Intergovernmental Committee for European Migration.”

SEC. 602. MULTILATERAL TECHNICAL COOPERATION.—The Mutual Security Act of 1951, as amended, is amended by adding after section 543 the following new section:

“SEC. 544. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$13,750,000 for multilateral technical cooperation under section 404 (b) of the Act for International Development.”

SEC. 603. CHILDREN'S WELFARE.—The Mutual Security Act of 1951, as amended, is amended by adding after section 544 the following new section:

“SEC. 545. There is hereby authorized to be appropriated to the President not to exceed \$9,000,000 for contributions during the calendar year 1954 for the support of international children's welfare work in such manner and on such terms and conditions as he may deem to be in the interests of the United States.”

SEC. 604. OCEAN FREIGHT ON RELIEF SHIPMENTS.—Section 535 (relating to the payment of ocean freight charges on voluntary relief shipments) of the Mutual Security Act of 1951, as amended, is amended by adding at the end thereof the following new sentence: “There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$1,825,000 for use in paying ocean freight charges under section 117 (c) of the Economic Cooperation Act of 1948, as amended.”

SEC. 605. UNITED NATIONS KOREAN RECONSTRUCTION AGENCY.—Section 303 (a) (relating to Korean relief) of the Mutual Security Act of 1951, as amended, is amended as follows:

(a) Add at the end the following new sentence: “There is hereby authorized to be appropriated to the President for the fiscal year 1954

not to exceed \$71,000,000 for making contributions to the United Nations Korean Reconstruction Agency, or such other agency for relief and rehabilitation in Korea as the President may direct."

(b) In the third sentence, strike out "\$67,500,000" and insert in lieu thereof "\$40,750,000".

CHAPTER VII—FURTHER CHANGES IN EXISTING MUTUAL SECURITY LEGISLATION

SEC. 701. TRANSFERS OF FUNDS.—(a) Section 101 (b) of the Mutual Security Act of 1951, as amended, is amended to read as follows:

"(b) Not to exceed 10 per centum of the total of the appropriations made available under this section may be transferred, when determined by the President to be necessary for the purpose of this Act, between appropriations made available under either paragraph of subsection (a): Provided, That whenever the President makes any such determination, he shall forthwith notify the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives, and the Committees on Armed Services of the Senate and of the House of Representatives."

(b) Section 202 of such Act, as amended, is amended by striking out "(excluding balances of prior appropriations continued available) pursuant to section 201" and inserting in lieu thereof "under section 201".

(c) The first sentence of section 513 (a) of such Act, as amended, is amended to read as follows: "Whenever the President determines it to be necessary for the purpose of this Act, funds made available under sections 101 (a) (1), 201, 301, and 401 may be transferred among such sections, except that not more than 10 per centum of the funds available under any such section may be transferred from that section; and funds made available under sections 101 (a) (2), 203, 302 (a), and 402 may be transferred among such sections, except that not more than 10 per centum of the funds available under any such section may be transferred from that section. Funds so transferred shall be consolidated with the funds available under the section to which they are transferred."

SEC. 702. UNEXPENDED BALANCES.—The Mutual Security Act of 1951, as amended, is amended by adding after section 545 the following new section:

"UNEXPENDED BALANCES

"SEC. 546. The unexpended balance under each paragraph of title III, Mutual Security, of the Supplemental Appropriation Act, 1953, is hereby authorized to be continued available for its original purposes through June 30, 1954, and may be consolidated with the appropriate fiscal year 1954 appropriation made for the same general purpose under the authority of this Act."

SEC. 703. ESCAPEES.—Paragraph 101 (a) (1) of title I (relating to Europe) of the Mutual Security Act of 1951, as amended, is amended (1) by deleting the word "similarly" before the word "determined", (2) by inserting "or any Communist-dominated or Communist-occupied areas of Asia" immediately after "Austria," and before "and any other countries absorbed by the Soviet Union", and (3) by striking out "and to the security of the United States" and inserting in lieu thereof "or to the security of the United States".

SEC. 704. MILITARY AID IN THE NEAR EAST AND AFRICA.—Section 202 of the Mutual Security Act of 1951, as amended, is amended by inserting "(a)" after "Sec. 202.", and by adding at the end thereof the following new subsection:

"(b) There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$50,000,000 to be available, whenever the President determines that such action is essential for the purpose of this Act, in order to provide assistance, pursuant to the provisions of the Mutual Defense Assistance Act of 1949, as amended, in the area of the Near East and Africa. Such assistance may be furnished to any organization created pursuant to a regional defense arrangement in the area, to any nation in the general area participating in such an arrangement, or to any other nation in the general area which the President determines to be of direct importance to the defense of the area and whose increased ability to defend itself the President determines to be important to the security of the United States (any such determination to be reported forthwith to the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives, and the Committees on Armed Services of the Senate and of the House of Representatives). No assistance shall be furnished under this subsection unless the recipient nation has agreed (1) that the equipment, materials, or services provided will be used solely to maintain its internal security, its legitimate self-defense, or to permit it to participate in the defense of the area, or in United Nations collective security arrangements and measures, and (2) that it will not undertake any act of aggression against any other nation."

SEC. 705. AUTHORITY FOR ASSISTANCE TO KOREA.—The first sentence of section 302 (a) (relating to economic aid and technical assistance) of the Mutual Security Act of 1951, as amended, is amended by striking out "(but not including the Republic of Korea)".

SEC. 706. Title V (relating to organization and general provisions) of the Mutual Security Act of 1951, as amended, is further amended as follows:

(a) *PERSONNEL CEILING EXEMPTION FOR NEW MILITARY ASSISTANCE PROGRAMS.*—Amend section 504 (d) (relating to reduction in personnel) to read as follows:

"(d) (1) Ninety days after the enactment of the Mutual Security Act of 1952, the number of civilian employees who are United States citizens, receiving compensation or allowances from the administrative expense appropriations authorized by this Act, employed in the United States and overseas by or assigned to the Mutual Security Agency, or employed by or assigned to the Department of State or the Department of Defense for carrying out programs the appropriations for which are authorized by this Act, and the military personnel assigned to such programs, shall be in the aggregate at least 5 per centum less than the number so employed or assigned on June 1, 1952, except for such personnel of the Department of Defense engaged in the manufacturing, repair, rehabilitation, packing, handling, crating, or delivery of materiel.

"(2) One hundred twenty days after the enactment of the Mutual Security Act of 1953, the number of civilian employees who are United States citizens, receiving compensation or allowances from the administrative expense appropriations authorized by this Act, employed in the United States and overseas by or assigned to the Director for Mutual Security or the Mutual Security Agency or employed by or assigned to the Department of State or the Department of Defense and other participating

agencies for carrying out programs the appropriations for which are authorized by this Act shall be in the aggregate at least 10 per centum less than the number so employed or assigned to comparable positions on January 31, 1953, except for such personnel of the Department of Defense engaged in the manufacturing, repair, rehabilitation, packing, handling, erating, or delivery of materiel.

"(3) After the Director has determined the reduction to be effected in each agency under paragraph (2), the determination as to which individual employee shall be retained shall be made by the head of the agency concerned.

"(4) The Director for Mutual Security shall cause studies to be made from time to time for the purpose of determining whether further reductions in personnel are feasible and consistent with the accomplishment of the purposes of this Act.

"(5) After July 1, 1953, the following categories of civilian employees and military personnel carrying out programs under the Mutual Defense Assistance Act of 1949, as amended, shall be in addition to the personnel ceiling established under paragraph (2) of this subsection:

"(A) Civilian employees and military personnel carrying out such programs in the Associated States of Cambodia, Laos, and Vietnam, over and above the number so engaged before July 1, 1953,

"(B) Civilian employees and military personnel carrying out such programs for any countries in which no such programs were in operation on July 1, 1953,

"(C) Civilian employees and military personnel carrying out such programs for international organizations and headquarters established after July 1, 1953."

(b) SPECIAL USE OF FUNDS.—Amend section 513 (b) (relating to special use of funds) to read as follows:

"(B) Not more than \$100,000,000 of the funds made available under this Act, of which not more than \$20,000,000 may be allocated to any one country, may be used in any fiscal year by the President, to be expended, without regard to the requirements of this Act, or any other Act for which funds are authorized by this Act, in furtherance of the purposes of such Acts, when the President determines that such use is important to the security of the United States. The President shall notify the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives upon making any such determination."

(e) GUARANTIES.—Amend section 520 (relating to investment guaranties) to read as follows:

"GUARANTIES

"SEC. 520. Funds realized from the sales of notes pursuant to section 111 (e) (2) of the Economic Cooperation Act of 1948, as amended, shall be available for making guaranties of investments in accordance with the applicable provisions of sections 111 (b) (3) and 111 (e) (2) of the Economic Cooperation Act of 1948, as amended, in any country with which the United States has agreed to institute the guaranty program, notwithstanding the provisions of section 511 of this Act."

(d) TERMINATION OF PROGRAM.—Amend section 530 (relating to the expiration of the Mutual Security Program) by striking out "twelve months" and "twelve-month" wherever appearing therein and inserting in lieu thereof "twenty-four months" and "twenty-four-month", respectively, and by inserting before the period at the end of subsection (a) the following: "Provided, That such part of the equipment, materials, and

services referred to above as is to be transferred to recipient countries under the Mutual Defense Assistance Act of 1949, as amended, or the Act of May 22, 1947, as amended, may be so transferred until June 30, 1957, and that part of the funds referred to above which is appropriated to carry out such Acts may be obligated for the purposes set forth above, and for liquidating operations under this proviso, until June 30, 1957: Provided, That guaranties authorized under section 111 (b) (3) of the Economic Cooperation Act of 1948, as amended, may be issued until June 30, 1957, out of any funds remaining available for that purpose".

(e) *UNDERDEVELOPED AREAS*.—Add after section 546 the following new section:

“UNDERDEVELOPED AREAS

“SEC. 547. Whenever funds are made available under this Act for assistance, other than military assistance, to any economically underdeveloped area, such funds may be used under the applicable provisions of section 503 (b) (3) or the applicable provisions of the Act for International Development. Where administrative arrangements, including provisions relating to compensation and allowances of personnel, authorized under section 503 (b) (3), differ from those authorized by the Act for International Development, the Director may make use of arrangements authorized under either statute, in carrying out such programs, except that before extending the provisions of section 109 (a) of the Economic Cooperation Act of 1948, as amended, to countries in which programs authorized under the Act for International Development are being carried out, the Director will secure the approval of the Secretary of State.”

(f) *USE OF LOCAL CURRENCY*.—

(1) Strike out the next to the last sentence of section 521 (relating to administrative expenses).

(2) Add after section 547 the following new section:

“UNITED STATES USE OF FOREIGN CURRENCY

“SEC. 548. (a) The several amounts otherwise authorized by this Act to be appropriated are authorized to be increased by amounts which shall not, in the aggregate, exceed \$98,396,000.

“(b) Amounts appropriated pursuant to any authorization contained in this Act are authorized to be made available for purchase of foreign currencies (including foreign currencies or credits owed to or owned by the United States): Provided, That such currencies or credits are authorized to be made available for use, without reimbursement to the Treasury, for liquidation of obligations legally incurred against such currencies prior to July 1, 1953.”

(g) *NEAR EAST REFUGEES*.—Add after section 548 the following new section:

“NEAR EAST REFUGEES

“SEC. 549. (a) In order to contribute to the peace and stability of the Near East in particular and of the world in general, the Director for Mutual Security shall, in consultation with the Secretary of State, make a survey of the refugee situation in the Near East and report the results of the survey to the Congress within one hundred fifty days after the Mutual Security Act of 1953 is enacted, together with recommenda-

tions for seeking a solution. In the making of such report and recommendations, especial consideration shall be given to a program which would utilize the services and talents of these refugees to develop and expand the resources of the area, including its water resources.

“(b) In carrying out his duties under this section, the Director for Mutual Security shall consult with the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives, and shall keep these committees constantly and fully informed of the action which he takes to carry out the provisions of this section.”

(h) *USE OF SURPLUS AGRICULTURAL COMMODITIES.*—Add after section 549 the following new section:

“*USE OF SURPLUS AGRICULTURAL COMMODITIES*

“SEC. 550. (a) Not less than \$100,000,000 and not more than \$250,000,000 of the funds authorized to be appropriated under this Act, shall be used, directly or indirectly, to finance the purchase of surplus agricultural commodities, or products thereof, produced in the United States.

“(b) The President is authorized to enter into agreements with friendly countries for the sale and export of such surplus agricultural commodities under conditions negotiated by him with such countries and to accept in payment therefor local currency for the account of the United States. In negotiating agreements for the sale of such commodities, the President shall—

“(1) take special precaution to safeguard against the substitution or displacement of usual marketings of the United States or friendly countries, and to assure to the maximum extent practicable that sales prices of such commodities are consistent with maximum world market prices of like commodities of similar quality, and to obtain the recommendations of the Secretary of Agriculture in carrying out the provisions of this subsection;

“(2) use private trade channels to the maximum extent practicable;

“(3) give appropriate emphasis to underdeveloped and new market areas;

“(4) obtain assurance that the purchasing countries will not resell or transship to other countries or use for other than domestic consumption commodities purchased under this program without specific approval by the President.

“(c) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President shall use the proceeds of such sales for the purpose of this Act, giving particular regard to the following purposes—

“(1) for providing military assistance to countries or mutual defense organizations eligible to receive assistance under this Act;

“(2) for purchase of goods or services in friendly countries;

“(3) for loans, under applicable provisions of this Act, to increase production of goods or services, including strategic materials, needed in any country with which an agreement was negotiated, or in other friendly countries, with the authority to use currencies received in repayment for the purposes stated in this section or for deposit to the general account of the Treasury of the United States;

“(4) for developing new markets on a mutually beneficial basis;

"(5) for grants-in-aid to increase production for domestic needs in friendly countries;

"(6) for purchasing materials for United States stockpiles.

"(d) In carrying out the provisions of this section, the President shall take special precaution to safeguard against the displacement of foreign exchange earnings which would otherwise accrue to the United States or any friendly nations.

"(e) The President is authorized to enter into such agreements with third countries receiving goods accruing from the proceeds of sales made pursuant to this section as he deems necessary to effectuate the purpose of this Act."

SEC. 707. The Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1571-1604), is further amended as follows:

(a) EXCESS EQUIPMENT.—Immediately before the period in the next to last sentence of section 403 (d) (relating to limitation on furnishing of excess equipment), insert a comma and the following: "and after June 30, 1953, by an additional \$200,000,000".

(b) SALES OF MILITARY EQUIPMENT.—Strike out the word "The" where it appears at the beginning of section 408 (e) (1) (relating to sales of military equipment) and insert in lieu thereof the following: "Notwithstanding the provisions of section 530 (a) of the Mutual Security Act of 1951, as amended, the".

(c) DEPENDABLE UNDERTAKING PROCEDURE.—Amend the last sentence of section 408 (e) (2) (relating to sales of military equipment) to read as follows: "Before a contract is entered into, or rehabilitation work is undertaken, such nation, or international military organization or headquarters, shall (A) provide the United States with a dependable undertaking to pay the full amount of such contract or the cost of such rehabilitation which will assure the United States against any loss on the contract, or rehabilitation work, and (B) shall make funds available in such amounts and at such times as may be necessary to meet the payments required by the contract or the rehabilitation work in advance of the time such payments are due, in addition to the estimated amount of any damages and costs that may accrue from the cancellation of such contract or rehabilitation work: Provided, That the total amount of outstanding contracts under this subsection, less the amounts which have been paid to the United States by such nations, shall at no time exceed \$700,000,000."

(d) LOANS OF EQUIPMENT.—Amend section 411 (d) (containing definitions) to read as follows:

"(d) The term 'services' shall include any service, repair, training of personnel, or technical or other assistance or information necessary to effectuate the purposes of this Act, including loans of limited quantities of equipment for designated periods solely for test and study purposes."

SEC. 708. The remaining provisions of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1503-1519), are further amended as follows:

(a) TERM OF GUARANTIES.—Amend section 111 (b) (3) (relating to guaranties) by striking out "which guaranties shall terminate not later than fourteen years from the date of enactment of this Act", and by inserting in lieu thereof "which guaranties shall be limited to terms not exceeding twenty years from the date of issuance".

(b) COUNTERPART LOANS.—Amend the last proviso of section 115 (b) (6) (relating to counterpart funds) to read as follows: "And provided

further, That whenever funds from such special account are used by a country to make loans, all funds received in repayment of such loans prior to termination of assistance to such country shall be reused only for such purposes as shall have been agreed to between the country and the Government of the United States."

(c) *USE OF LOCAL CURRENCY.*—Amend section 115 (h) by striking out "including" and inserting in lieu thereof the following: "and, without regard to section 1415 of the Supplemental Appropriations Act, 1953, for".

SEC. 709. UNITED NATIONS TECHNICAL COOPERATION PROGRAMS.—Amend the last proviso in section 404 (b) of the Act for International Development by striking out the word "fiscal" and inserting in lieu thereof the word "calendar".

SEC. 710. AMENDMENT AND REPEAL OF CERTAIN PROVISIONS.—(a) (1) Section 516 (a) of the Mutual Security Act of 1951, as amended, is amended to read as follows:

"(a) The Congress recognizes the vital role of free enterprise in achieving rising levels of production and standards of living essential to the economic progress and defensive strength of the free world. Accordingly, it is declared to be the policy of the United States, in furtherance of the objectives of this Act, to encourage the efforts of other free countries in fostering private initiative and competition, in discouraging monopolistic practices, in improving the technical efficiency of their industry, agriculture, and commerce, and in the strengthening of free labor unions; and to encourage American enterprise in contributing to the economic strength of other free countries through private investment abroad and the exchange of ideas and technical information on the matters covered by this subsection."

(2) Section 516 (b) of such Act, as amended, is amended by striking out the words "To accomplish the purpose of clause (1) of subsection (a) of this section, under" and inserting in lieu thereof the word "Under".

(b) Section 115 (k) of the Economic Cooperation Act of 1948, as amended, is repealed. Nothing in this subsection shall be construed to prevent the carrying out of any commitment or agreement entered into pursuant to such section 115 (k) prior to the date of enactment of this Act.

And the Senate agree to the same.

R. B. CHIPERFIELD,
JOHN M. VORYS,
WALTER H. JUDD,
JAS. P. RICHARDS,
LAURIE BATTLE,
Managers on the Part of the House.

ALEXANDER WILEY,
H. ALEXANDER SMITH,
BOURKE B. HICKENLOOPER,
WILLIAM F. KNOWLAND,
WALTER F. GEORGE,
THEODORE FRANCIS GREEN,
JOHN SPARKMAN,
Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 5710) to amend further the Mutual Security Act of 1951, as amended, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate struck out all of the House bill after the enacting clause and inserted a substitute amendment. The committee of conference has agreed to a substitute for both the House bill and the Senate amendment. Except for clarifying, clerical, and necessary conforming changes, the differences are noted below:

THE FUND AUTHORIZATIONS

The total amount authorized in the House bill was \$4,998,732,500. The Senate amendment authorized \$5,318,732,500. The difference between the two Houses was \$320,000,000.

The committee of conference has agreed on an authorization of \$5,157,232,500. Thus the Senate authorization was reduced by \$161,500,000; the House authorization was increased by \$158,500,000.

The conference agreement carries \$3,581,523,000 for military assistance for all areas and \$934,000,000 for mutual defense financing. The military assistance authorization is \$100,000,000 more than that carried in the House bill, but represents a \$100,000,000 reduction in the Senate amount. The sum authorized for mutual defense financing is \$50,000,000 more than that authorized by the House. Likewise, this represents a \$50,000,000 reduction in the Senate amount.

The authorization agreed upon for the basic materials program is \$7,500,000, representing an equal adjustment between the Senate authorization of \$15,000,000 and the absence of any sum in the House bill. The conference agreement retains the House authorization of \$9,000,000 for the Children's Fund, a reduction of \$4,000,000 from the Senate authorization. On the other hand, the agreement includes the Senate figure of \$1,825,000 for ocean freight on relief packages, an increase of \$1,000,000 over the House figure.

TABLE

This table shows the sums carried in the proposed Mutual Security Act of 1953, as requested by the executive branch, as altered by the House of Representatives and by the Senate, and as agreed to in conference.

Subject	(1) Original executive request	(2) Amended executive request	(3) Difference between column 1 and col- umn 2	(4) Redistrib- ution of sums by executive (revised com- mittee print, June 4, 1953)	(5) Recommended by Committee on Foreign Affairs and authorized by House, H. R. 5710	(6) Difference between executive request (col. 4) and House (col. 5)	(7) Recommended by Senate Committee on Foreign Rela- tions and authorized by Senate, S. 2128	(8) Difference between House (col. 5) and Senate (col. 7)	(9) Conference agreement
I. Military assistance:									
A. Europe.....	\$2, 534, 323, 000	\$2, 216, 923, 000	\$317, 400, 000	\$2, 179, 689, 870	\$2, 079, 689, 870	\$100, 000, 000	\$2, 179, 689, 870	\$100, 000, 000	\$2, 129, 689, 870
B. Near East and Africa.....	469, 200, 000	448, 600, 000	20, 600, 000	405, 212, 637	305, 212, 637	100, 000, 000	405, 212, 637	100, 000, 000	355, 212, 637
C. Asia and Pacific.....	1, 001, 000, 000	1, 001, 000, 000	5, 000, 000	1, 081, 620, 493	1, 081, 620, 493	15, 000, 000	1, 081, 620, 493	15, 000, 000	1, 081, 620, 493
D. American Republics.....	20, 000, 000	15, 000, 000	5, 000, 000	15, 000, 000	15, 000, 000	---	15, 000, 000	---	15, 000, 000
Total.....	4, 024, 523, 000	3, 681, 523, 000	343, 000, 000	3, 681, 523, 000	3, 481, 523, 000	200, 000, 000	3, 681, 523, 000	200, 000, 000	3, 581, 523, 000
II. Mutual defense financing:									
A. Europe.....	1 300, 000, 000	1 300, 000, 000	---	1 300, 000, 000	200, 000, 000	100, 000, 000	1 300, 000, 000	100, 000, 000	250, 000, 000
B. Formosa and Indochina.....	1 95, 000, 000	1 84, 000, 000	11, 000, 000	1 84, 000, 000	84, 000, 000	---	1 84, 000, 000	---	84, 000, 000
C. French NATO military production.....	100, 000, 000	100, 000, 000	---	100, 000, 000	100, 000, 000	---	100, 000, 000	---	100, 000, 000
D. British NATO aircraft production.....	100, 000, 000	100, 000, 000	---	100, 000, 000	100, 000, 000	---	100, 000, 000	---	100, 000, 000
E. Equipment and support of forces in Indochina.....	400, 000, 000	400, 000, 000	---	400, 000, 000	400, 000, 000	---	400, 000, 000	---	400, 000, 000
Total.....	995, 000, 000	984, 000, 000	11, 000, 000	984, 000, 000	884, 000, 000	100, 000, 000	984, 000, 000	100, 000, 000	934, 000, 000
III. Mutual special weapons planning.....	250, 000, 000	250, 000, 000	---	250, 000, 000	100, 000, 000	150, 000, 000	100, 000, 000	---	100, 000, 000
IV. Technical assistance:									
A. Near East and Africa.....	1 43, 792, 500	1 43, 792, 500	---	43, 792, 500	43, 792, 500	---	1 43, 792, 500	---	43, 792, 500
B. Asia and Pacific.....	1 72, 100, 000	1 72, 100, 000	---	72, 100, 000	72, 100, 000	---	1 72, 100, 000	---	72, 100, 000
C. American Republics.....	1 24, 342, 000	1 24, 342, 000	---	24, 342, 000	24, 342, 000	---	1 24, 342, 000	---	24, 342, 000
Total.....	140, 234, 500	140, 234, 500	---	140, 234, 500	140, 234, 500	---	140, 234, 500	---	140, 234, 500
V. Basic materials.....	25, 000, 000	25, 000, 000	---	25, 000, 000	---	25, 000, 000	15, 000, 000	15, 000, 000	7, 500, 000
VI. Special regional assistance:									
A. Near East and Africa.....	194, 000, 000	194, 000, 000	---	194, 000, 000	194, 000, 000	---	194, 000, 000	---	194, 000, 000
B. India and Pakistan.....	94, 400, 000	94, 400, 000	---	94, 400, 000	94, 400, 000	---	94, 400, 000	---	94, 400, 000
Total.....	288, 400, 000	288, 400, 000	---	288, 400, 000	288, 400, 000	---	288, 400, 000	---	288, 400, 000

See footnotes at end of table, p. 14.

Mutual Security Act of 1953—Continued

Subject	(1) Original executive request	(2) Amended executive request	(3) Difference between column 1 and col- umn 2	(4) Redistrib- ution of sums by executive (revised com- mittee print, June 4, 1953)	(5) Recommended by Committee on Foreign Affairs and authorized by House, H. R. 5710	(6) Difference between executive request (col. 4) and House (col. 5)	(7) Recommended by Senate Committee on Foreign Rela- tions and authorized by Senate, S. 2128	(8) Difference between House (col. 5) and Senate (col. 7)	(9) Conference agreement
VII. Multilateral organizations:									
A. Movement of migrants.....	\$10,000,000	\$10,000,000	-----	\$10,000,000	\$10,000,000	-----	\$10,000,000	-----	\$10,000,000
B. Multilateral technical cooperation.....	13,750,000	13,750,000	-----	13,750,000	13,750,000	-----	13,750,000	-----	13,750,000
C. Children's welfare.....	9,000,000	9,000,000	-----	9,000,000	9,000,000	-----	9,000,000	-----	9,000,000
D. Ocean freight.....	1,825,000	1,825,000	-----	1,825,000	825,000	\$1,000,000	1,825,000	1,000,000	1,825,000
E. U. N. Korean Reconstruction Agency.....	71,000,000	71,000,000	-----	71,000,000	71,000,000	-----	71,000,000	-----	71,000,000
Total.....	105,575,000	105,575,000	-----	105,575,000	104,575,000	1,000,000	109,575,000	5,000,000	105,575,000
Total in bill.....	5,828,732,500	5,474,732,500	\$354,000,000	5,474,732,500	4,998,732,500	2,476,000,000	5,318,732,500	3,320,000,000	4,515,232,500

¹ Not separately identified.² House below Executive request—column 2 less column 5.⁴ The bill also authorizes the appropriation of \$98,396,000 of local currencies. This authorization makes no demand on the U. S. Treasury.³ House below Senate—column 7 less column 5.

EUROPEAN DEFENSE COMMUNITY (SECTION 101)

The House bill contained a provision requiring that not less than 50 percent of the funds authorized for military assistance to Europe in fiscal year 1954 be made available only for the European Defense Community. The Senate amendment contained a similar provision, except that it granted discretion to the President to withhold up to \$1,000,000,000 of such funds.

The conference agreement in effect combines the features of both versions by requiring that 50 percent of the fiscal year 1954 military assistance funds for Europe shall be used for equipment and materials to be transferred to the European Defense Community or to the countries which become members thereof, unless the Congress upon Presidential recommendation otherwise provides. Thus, should the organization not come into being and should the President consider that conditions might nevertheless in his judgment warrant release of the funds, materials, and equipment earmarked for the organization, the Congress would reconsider the provision upon the recommendation of the President. The conference agreement expresses the importance which the United States attaches to the European Defense Community and gives assurance that the formation of the organization will be followed by United States assistance in helping the EDC contribute to the collective security effort. Equipment and materials may be procured, but delivery of the assistance shall not take place until the organization is formed.

MUTUAL DEFENSE FINANCING—EXPLORATION FOR MINERALS AND PETROLEUM (SECTION 201 (a))

The Senate amendment, in connection with defense support, economic and technical assistance for the National Government of the Republic of China and the Associated States of Cambodia, Laos, and Vietnam, contained a provision explicitly authorizing the inclusion of assistance in the form of exploration and development of mineral and petroleum resources. The House bill did not refer to such form of assistance. In view of the importance attached by the committee of conference to the development of these resources in this vital area, the conference agreement retains the Senate language.

BASIC MATERIALS (SECTION 402)

The executive branch had requested \$25,000,000 and an equal amount in local currency for basic materials projects. This sum is for the purpose of initiating projects that will increase the production of raw materials and food, particularly in Africa and the Far East, and thereby contribute to the expansion of trade and the economic stability of large areas of the free world.

The House did not authorize the dollar amount but left undisturbed the use of local currency. The Senate amendment included \$15,000,000 but carried no provision for local currency. Thus, the differences between the two Houses were (1) \$15,000,000 and (2) \$25,000,000 equivalent in local currency.

The Senate accepted the House language on local currency. This makes possible the use of local currency equal to \$25,000,000 for

development purposes. The conferees adjusted the dollar authorization to \$7,500,000 to cover the purchase of necessary supplies and equipment from dollar sources, including the United States.

INDIA AND PAKISTAN (SECTION 502)

The House bill required the President, when he specifies the terms and conditions on which special regional economic assistance is to be furnished India and Pakistan, to include conditions and assurances—to enable the countries * * * to make greater progress toward solving their mutual problems in cooperation with each other.

The Senate amendment contained no such mandate. The conference agreement retains the quoted language, but includes it as one of the positive purposes of the assistance rather than as a specific condition.

OCEAN FREIGHT ON RELIEF SHIPMENTS (SECTION 604)

Both the House bill and the Senate amendment authorized an appropriation for use in paying ocean freight charges on relief shipments by voluntary relief agencies. The amount in the House bill was \$825,000, while that contained in the Senate was \$1,825,000. In view of the fact that evidence presented subsequent to House action indicates that some 90 million pounds of dried milk have been made available by the Department of Agriculture to these agencies for distribution abroad, the conference agreement contains the Senate amount, which should enable the agencies involved to distribute the milk and other relief supplies.

UNITED NATIONS KOREAN RECONSTRUCTION AGENCY (SECTION 605)

Both the House bill and the Senate amendment authorized contributions to the United Nations Korean Reconstruction Agency (UNKRA), but the Senate amendment authorized contributions to UNKRA “or such other agency as the President may direct.” The conference agreement adopts the Senate language, thus permitting flexibility to meet possible changed conditions, adding after the phrase “such other agency” the words “for relief and rehabilitation in Korea”.

TRANSFERS OF FUNDS (SECTION 701)

The House bill permitted the President to transfer up to 10 percent of the total of the funds provided for the purpose of furnishing military assistance and defense support to Europe from one of these purposes to the other in that area. The House bill also permitted 10 percent of the funds available for assistance to each area to be transferred to other areas to be used for the same purpose. In both types of transfer, in applying the 10-percent figure, unexpended balances of prior appropriations were not included.

The Senate amendment increased the transferability of funds between military and economic assistance within Europe from 10 to 15 percent and provided for a transfer of 15 percent of the funds made available pursuant to the authorizations for Mutual Defense Financing, Technical Assistance, and Multilateral Organizations among those chapters.

The Senate amendment also made eligible for transfer the special assistance to France, the United Kingdom, for Indochina, to the Near East, and to India and Pakistan, while the House bill excluded such special assistance from transfer.

The conference agreement adopts the provisions of the House bill, except that unexpended balances of prior appropriations are to be included in computing the 10-percent figure.

MILITARY AID IN THE NEAR EAST AND AFRICA (SECTION 704)

The committee of conference agreed that the fluid situation in the Near East warranted special consideration. The House bill carried an authorization of \$305,212,637 for military assistance; the Senate amendment, \$405,212,637—a difference of \$100,000,000. The conferees adjusted these sums and agreed upon \$355,212,637.

Of this sum, \$50,000,000 is earmarked to provide military assistance to a regional defense organization or any members thereof. To grant maximum flexibility he may also draw on the \$50,000,000 for additional assistance to any nation in the general area which he “determines to be of direct importance to the defense” of that area and “whose increased ability to defend itself the President determines to be important to the security of the United States.” When he has made such a determination, he shall so advise the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs.

It is further provided that such military assistance as is given under this section will be contingent upon adequate safeguards as to its use by the recipient nation. These will include provisions that the equipment—

will be used solely to maintain its internal security, its legitimate self-defense, or to permit it to participate in the defense of the area, or in United Nations collective security arrangements and measures * * *

It will also be required to give assurances—

that it will not undertake any act of aggression against any other nation.

This earmarked \$50 million is in addition to the provisions of existing law for transfer of 10 percent of area military funds to countries other than Greece, Turkey, and Iran.

PERSONNEL CEILINGS (SECTION 706 (a))

Last year the Congress enacted a provision, proposed by the Committee on Foreign Affairs, requiring a 10 percent reduction of United States civilian administrative personnel connected with the Mutual Security Program. This year the committee again proposed, and the House accepted, an additional 10 percent reduction. The Senate had no such provision in its amendment and accepted the House provision. It is estimated that a reduction in force of at least 560 will be effected through the inclusion of this section.

The House bill stipulated that such a reduction be effected not later than 90 days after the enactment into law of this bill. The pending reorganization of the administration of foreign aid raises complex administrative problems. For this reason the committee of conference agreed to a period of 120 days in which to effect the reduction.

The administration anticipates the initiation of military assistance programs in other countries not presently receiving such assistance under the Mutual Security Program; the expansion of assistance to Indochina; and military assistance to defense organizations such as the European Defense Community. Both Houses permitted the addition of military personnel above existing ceilings to carry out such new and augmented programs. The Senate amendment also allowed additional civilian personnel identified with these programs. The House bill contained no such provision. The Department of Defense as well as the State Department will be required to administer and give support to these programs. For this reason the conference agreement adopts the Senate language.

TERMINATION OF PROGRAM (SECTION 706 (d))

The Senate amendment extended the date for termination of the Mutual Security Program from June 30, 1954, to June 30, 1955, and provided an additional period of 1 year for liquidating transactions financed with funds other than those authorized pursuant to the Mutual Defense Assistance Act. A period of 2 years after 1955 was authorized for liquidating Mutual Defense Assistance Act transactions since military equipment, such as planes and ships, involves a long lead time.

The House bill made no change in the date of termination of the program but extended the period for completing transactions from 12 to 24 months.

The committee of conference agreed to retain the date June 30, 1954, for termination of the program as provided in existing law but extended the time available for completing transactions involving Mutual Defense Assistance Act funds until June 30, 1957, and for 2 years in the case of non-Mutual Defense Assistance Act funds. The conference agreement also authorizes the issuance until June 30, 1957, of guaranties.

The June 30, 1954, date was adhered to, not because the committee of conference believed that all forms of assistance to other nations would finally terminate on that date, but because they felt that a basic overhauling of the legislation dealing with foreign aid is necessary before that date. The new administration recognizes this. In his message submitting Reorganization Plan No. 7 to Congress, President Eisenhower said:

Our organization for the conduct of foreign affairs has been built upon a patchwork of statutes which needs careful restudy as a basis for new legislation. The development of new legislation will take time. By early next year we will be prepared, with appropriate consultation with the Congress, to recommend such legislation.

NEAR EAST REFUGEES (SECTION 706 (g))

The Senate accepted the House provision for a survey of the Near Eastern refugee situation. The House agreed that the results of the survey should be reported to the Congress within 150 days in lieu of the 90 days required in the House bill. The conferees were of the opinion that this additional time was necessary to permit a thorough examination of the complex conditions and problems involved in the refugee situation.

USE OF SURPLUS AGRICULTURAL COMMODITIES (SECTION 706 (h))

Both the House bill and the Senate amendment included provisions for the use of surplus agricultural commodities in connection with supplying assistance to foreign countries. The language of the House bill stated the intent of Congress that surplus agricultural commodities should be substituted for other forms of economic aid to the extent feasible. The Senate provision authorized an arrangement for converting dollars authorized for military assistance into foreign currencies. The dollars received by the foreign nation were to be spent by agreement for United States farm products and the local currencies received by the United States would be spent for military end items in the purchasing countries.

The committee of conference agreed to a modification of both provisions. The conference agreement requires that of the funds authorized not less than \$100,000,000 and not more than \$250,000,000 "shall be used directly or indirectly, to finance the purchase of surplus agricultural commodities." The provision for "indirect" financing is to permit reimbursement of the Commodity Credit Corporation for commodities supplied from its stocks.

Sale of agricultural surpluses for local currencies is authorized. Such currencies are to be kept in a special United States account and may be utilized for the purposes set forth in the legislation without appropriation by the Congress.

Local currencies so acquired may be spent only for the purposes of the Mutual Security Act, giving particular regard to the providing of military assistance to countries or mutual defense organizations and to other specified purposes.

Special precautions are to be taken to prevent disposing of surpluses in a manner which would displace normal market arrangements and to insure that maximum use will be made of private trade channels.

The conference agreement carries out the objectives of the provisions of the House bill and the Senate amendment while providing more specific and detailed procedures for the attainment of these objectives.

SALES OF MILITARY EQUIPMENT (SECTION 707 (b))

Provision was made in both the House bill and the Senate amendment for authorizing the sale of military equipment by the United States Government to other nations beyond June 30, 1954, the date of termination of the Mutual Security Program provided under existing law. This was considered especially necessary because of the need of foreign governments to buy parts and components for weapons and equipment previously supplied to them by the United States and obtainable only in the United States. The House bill contained language to restrict such sales after the termination of the Mutual Security Program to parts and components required for maintenance and repair purposes. The Senate amendment did not contain such limiting provisions. The conference agreement retains the language of the Senate amendment.

UNITED NATIONS TECHNICAL COOPERATION PROGRAMS (SECTION 709)

The Senate amendment extended the authorization of the appropriation contained in the Mutual Security Act of 1952 for United Nations Technical Cooperation programs for a period of 6 months by making the authorization apply to the calendar year 1953 rather than the fiscal year. The House bill contained no such provision. The conference agreement includes the Senate language. The full amount authorized for fiscal 1953 was not appropriated during the fiscal year. The extension of the authorization will permit a request for a supplemental appropriation of the remainder of the amount authorized.

AMENDMENT AND REPEAL OF CERTAIN PROVISIONS (SECTION 710)

The Senate amendment contained a provision amending section 516 (a) of the Mutual Security Act of 1951, as amended, so as to express the policy of the Congress to encourage the efforts of other free countries in fostering private enterprise, in discouraging monopolistic practices and in the strengthening of free labor unions, and to encourage American private investment abroad and the exchange of ideas and technical information. The House bill repealed section 516 (a). Since, however, it was not the intention of the House thereby to repeal the objectives of the subsection, the conference agreement follows the Senate language which more clearly expresses those objectives, with a clarifying modification to confine the "exchange of ideas and technical information" to the elements of private enterprise covered in section 516 (a) as amended in the conference agreement.

PACIFIC PACT

The House bill contained a provision stating that the Congress favors the negotiation of a Pacific pact, consistent with the United Nations Charter, for the common defense of the free peoples of the Far East, South Asia and the Pacific Ocean area, and United States participation in such a pact. The Senate amendment contained no such provision. The conference agreement omits the provision. The Mutual Defense Assistance Act of 1949, as amended, includes a somewhat similar expression of congressional policy as follows:

The Congress hereby expresses itself as favoring the creation by the free countries and the free peoples of the Far East of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties and to protect their security and independence.

GUARANTIES

The House bill contained three provisions relating to guaranties—one, extending the term of guaranties to 20 years; the second, extending eligibility to countries not participating in the Mutual Security Programs; and the last, extending the types of risks covered by guaranties to "war, revolution, or civil disorder." The Senate amendment contained no such provisions. The House yielded on the last provision, but the Senate conferees accepted the other two House provisions. These, together with the proviso in section 706 (d) of the conference

agreement permitting the issuance of guaranties until June 30, 1957, also accepted by the Senate conferees, should help to broaden the investment guaranty program so as to stimulate greater investor participation.

ASSISTANCE TO NATO COUNTRIES

The Senate amendment included an amendment to the Mutual Defense Assistance Act, providing that—

military assistance may be furnished for purposes not included in such [NATO] defense plans * * *

The House bill contained no such provision. The conference agreement omits the provision. The managers on the part of the Senate receded as to this provision and joined in expressing the judgment of the committee of conference that the Senate language might be misinterpreted and that the provisions of the Mutual Defense Assistance Act as broadened by section 2 of the Mutual Security Act of 1951, as amended, grant sufficient authority as to the use of military equipment and materials, thus making the Senate language unnecessary.

R. B. CHIPERFIELD,
JOHN M. VORYS,
WALTER H. JUDD,
JAS. P. RICHARDS,
LAURIE BATTLE,

Managers on the Part of the House.



law to be surplus to the needs and responsibilities of the Federal Government, to States for use or distribution by them for the purpose of the act, including the restoration of public facilities damaged or destroyed in such major disaster and essential rehabilitation of individuals in need as the result of such major disaster."

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

(Mr. DONOHUE asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. DONOHUE. Mr. Speaker, because it is a matter of emergency and vitally affects the immediate interests of my constituents, this morning I requested my distinguished colleague from Michigan, the chairman of the House Public Works Committee, to ask the members of his committee to approve the substitution of S. 2199 for my own bill, H. R. 5826, a bill to authorize the President to donate surplus Federal property to individuals in a major disaster area.

Following the major tornado disaster which occurred on June 9, 1953, in my home city of Worcester and surrounding central Massachusetts communities, I held repeated conferences with the officials of the RFC, the Housing and Home Finance Agency, the Farmers' Home Administration, and the Civil Defense Administration, which are the Government agencies, other than the Red Cross, that can render Federal aid in these disaster situations. I urged them to do everything they could in promptly bringing help to our people and communities who suffered so greatly from this terrible freak of nature, and they are doing everything they can within their limited power.

In talking with all these representatives, however, I was amazed to find that, while under existing legislation they can assist States and municipalities in the emergency restoration of public facilities, they considered themselves without authority to grant any direct aid to homeless victims of a "major disaster area." Their opinion was that present laws did not, at least by implication, permit them to do so. Few persons seem to realize that whatever Federal money may be sent into a disaster area, including grants from the President's disaster fund, such funds can now only be used for the emergency repair of local public works and the general welfare. In other words, although we can and do, here in this House, freely give money and supplies to unfortunate people all over the world, there appears to be no legislative authority by which any agency of this Government can directly and concretely aid American taxpayers who have lost virtually all they owned in these terrible tornado and other freak-of-nature disasters.

There are, in my central Massachusetts area alone, hundreds of American families who have lost their homes and all their furnishings with, unfortunately, little, if any, insurance recovery. They must still meet the mortgage interest payments on a demolished home, they have practically no financial resources

now but the father's weekly pay, and their credit rating, under the circumstances, is extremely uncertain. They must start their lives all over again from nothing, and it seems to me that this Government should and can properly help them to begin anew just by donating articles they vitally need out of Federal surplus property that is now lying around uselessly in warehouses. By surplus property I mean any household furnishings such as tableware, chairs, tables, bureau dressers, cots, mattresses, and other available household items so essential to renewal of normal family living conditions.

The purpose of my bill was to remove any doubt in the minds of the Civil Defense officials that they or the President have the power to authorize the direct distribution by donation of Government surplus property to homeless major disaster victims who are in vital need of it.

Subsequently I requested Senators SALTONSTALL and KENNEDY to introduce companion measures in the Senate, which they did, and that was passed by the Senate recently and is now here before us for substitution for my original bill. I greatly appreciate the wholehearted cooperation of both of our Massachusetts Senators in this matter.

The amended version of the Senate bill channels the surplus property through the States, and thus conforms to our past practices in this matter. However, there is one change through which local governments are eliminated from the supervision of the distribution of the surplus property involved. This provision, if more time was available should, in my opinion, be most carefully scrutinized and evaluated. I very much fear the elimination of the local government participation will inevitably lead to unintended and hampering delay in prompt distribution of the needed supplies to homeless victims. They would certainly appear to be in a better position to accurately determine the needs of the disaster victims within their own area and could more accurately check to insure that no illegal divergence of the surplus property occurred. However, these matters can perhaps be taken care of in the future. The main thing is to get the surplus property to the tornado disaster victims in the shortest time possible.

Therefore, I urge all my colleagues here to unanimously accept and approve the essential principle embodied in this bill and which I originally offered. That principle is merely to extend to American taxpayers, victims of a major disaster, the same generosity this Government exhibits toward unfortunate people in foreign lands, and to which our own citizens have a preeminent claim.

I desire to again express my thanks to both Massachusetts Senators for their cooperation in this matter and also to my distinguished colleague and Speaker, the gentleman from Massachusetts, for permitting this most important measure to be considered today. We are also deeply indebted to our other distinguished gentleman from Massachusetts, the minority whip, as well as every other single member of the Massachusetts dele-

gation who worked so hard with me to get this legislation approved.

(Mr. HESELTON asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. HESELTON. Mr. Speaker, I am very glad that this bill has come to the House for what I am certain will be prompt and unanimous approval. While it will apply generally, I know that it will be of particular significance to that part of Massachusetts which was affected by the recent tornado.

Although the tornado itself first struck in Petersham, which is in the First District, fortunately, the damage there was not excessive compared to other areas in Massachusetts, and particularly in the neighboring Fourth District, represented by my colleague [Mr. DONOHUE]. The passage of this bill, which was introduced in the Senate by the two Senators from Massachusetts, and which is quite similar in purpose and effect to a bill introduced here by my colleague [Mr. DONOHUE], will be of considerable potential value in assisting in the necessary repair of the damage caused by the tornado. I know that it will be appreciated, not only by those directly affected but by all the people of Massachusetts who have consistently supported the traditional American responsibility for assistance whenever disaster visited other parts of this country and the world. I want to commend the committee and the leadership who have made it possible for us to complete action on this important measure now without any delay. Obviously, the sooner this kind of relief can reach those who need it the more valuable it is.

(Mr. GOODWIN asked and was given permission to extend his remarks at this point in the RECORD.)

[Mr. GOODWIN's remarks will appear hereafter in the Appendix.]

(Mrs. ROGERS of Massachusetts asked and was given permission to extend her remarks at this point in the RECORD.)

[Mrs. ROGERS of Massachusetts' remarks will appear hereafter in the Appendix.]

(Mr. PHILBIN asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. PHILBIN. Mr. Speaker, I sincerely hope the House will give its immediate consent to Congressman DONOHUE's bill for which the Senate bill is substituted.

This bill will render much needed aid and assistance to the tornado victims of Worcester County where great loss of life, loss and devastation of property occurred. The situation is urgent and the relief provided by this bill will be of great benefit.

Most of the afflicted area struck by this terrible natural holocaust is located in Congressman DONOHUE's district and my own district has been affected to a considerable extent.

This great disaster points up the startling gaps in the Federal relief programs and we have learned to our sorrow that many of the programs set up to help disaster victims do not help to the extent

we had intended and believed in this House.

These programs must be revised and perfected in line with pending legislation introduced by the gentleman from Massachusetts, Congressman DONOHUE, and myself, and I hope that the House will make a substantial and significant start in this important matter by unanimously passing this bill.

I commend my esteemed colleague the gentleman from Massachusetts, Congressman DONOHUE, for his untiring and most effective work in these matters, in which I have been privileged to join. I am thankful the Speaker, the leadership, and the committee for their inspiring cooperation.

FEDERAL GOVERNMENT GIVES 1 PERCENT TO "HELP" TORNADO-WRECKED MASSACHUSETTS COMMUNITIES

(Mr. LANE asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. LANE. Mr. Speaker, the unprecedented tornado which struck Worcester, Mass., and surrounding communities on June 9, 1953, killed many and left thousands homeless.

Property damage is in excess of \$50 million.

This represents a total loss in many cases, because there was no insurance coverage for this type of destruction, which is as rare in Massachusetts as a volcanic eruption in Texas.

On June 11 the President declared the Worcester region to be a major disaster area. On June 14 the President approved the expenditure of \$500,000 out of the \$18 million available toward rehabilitation and emergency repair under Public Law 875, 81st Congress.

"Token" is the word to describe the help received so far from the Federal Government. As soon as news of the disaster was pushed from the front pages the responsibility for further aid was forgotten, even though it will be at least 6 months before the emergency is over.

There is much dissatisfaction up our way concerning the parsimonious assistance given by the Federal Government toward the relief of the disaster victims. Not since the floods of 1936 and the hurricane of 1938 has Massachusetts experienced such devastation.

The Commonwealth of Massachusetts immediately appropriated \$5 million to reimburse cities and towns for tornado expenditures. The Red Cross raised its original allocation of \$100,000 to \$250,000. Large sums have been contributed separately by the people of the State to provide additional assistance. All these, taken together, still fall far short of the goal.

The Federal Civil Defense Administration has provided 280 home trailers—through the Housing and Home Finance Agency—to serve as temporary housing. The people of Worcester and vicinity are grateful for the assistance given via these and other measures, but so much more remains to be done.

If you could go to Worcester and see the people picking up the matchwood—

all that remains of their homes—and trying to salvage a few useful things out of the wreckage that is almost complete, you, too, would be ashamed of the Federal Government's indifference to their plight.

The Boston Post, in an editorial on June 27, 1953, commented, in part, as follows:

If the job can be done with a minimum of Federal assistance, it will be done, even though the Federal Government has a moral obligation to help the stricken area. It seems rather plain that the tornado crisis in Massachusetts got a brush-off from the administration.

Last year Massachusetts paid almost \$2 billion into the Internal Revenue Bureau. Its total return in Federal grants of all kinds was \$107,631,000, a very modest sum compared to the handouts to some of the southern States. All that Massachusetts folks need to know is whether their tornado contributions are deductible. They can take it from there.

Small wonder that the editorial has a cynical tone.

In the light of the billions that are being appropriated for foreign aid, there should be room for a little more than 1 percent help for those of our own citizens who have lost all that they have worked for and saved through the years. We speak of putting the people of Europe on their feet again, but how about doing the same, at a trifling cost, for Americans who are the victims of a disaster that also kills, and ruins, right here in the United States?

The entire delegation from Massachusetts in the United States House of Representatives, under date of June 29, addressed a resolution to the President, requesting that he set aside sums out of the disaster-relief fund at his disposal, and in the substantial amount needed, for relief of the hard-hit Worcester area.

As there is no indication that this request will be approved, and in view of the great rehabilitation problem confronting our disaster area, I have introduced a similar bill to compensate for the deficiency.

TESTIMONY OF AMERICAN MEDICAL ASSOCIATION BEFORE HOUSE VETERANS COMMITTEE

(Mrs. ROGERS of Massachusetts asked and was given permission to address the House for 1 minute.)

Mrs. ROGERS of Massachusetts. Mr. Speaker, I should like to make the announcement, that the American Medical Association is appearing before our Subcommittee on Hospitals of the Veterans' Affairs Committee, on Monday at 10 o'clock. They have been very active in trying to prevent the hospitalization of some non-service-connected veterans, and they have a right to be heard. The committee is hearing their case on Monday. I know the Members of the House are extremely interested in seeing that the rights of the veterans to hospitalization are not liquidated.

ADJOURNMENT OVER

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that when the House

adjourns today it adjourn to meet on Monday next at 12 noon.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

CALENDAR WEDNESDAY

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that the business in order on Calendar Wednesday may be dispensed with.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

MUTUAL SECURITY ACT OF 1953—CONFERENCE REPORT

Mr. CHIPERFIELD submitted the following conference report and statement on the bill H. R. 5710:

CONFERENCE REPORT (H. REPT. No. 770)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 5710) to amend further the Mutual Security Act of 1951, as amended, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "That this Act may be cited as the 'Mutual Security Act of 1953.'"

"CHAPTER I—MILITARY ASSISTANCE

"SEC. 101. AUTHORIZATION OF APPROPRIATION.—The Mutual Security Act of 1951, as amended, is amended by adding at the end thereof the following new section:

"Authorization of appropriations

"SEC. 540. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$2,129,689,870 to be available under section 101 (a) (1) (relating to military assistance for Europe): *Provided*, That of the equipment and materials made available under section 101 (a) (1) with funds appropriated pursuant to the authorization contained in this section, 50 per centum shall be transferred to the organization referred to in clause (C) of section 2 (b) or to the countries which become members thereof, unless the Congress, upon the recommendation of the President, shall hereafter otherwise provide; \$305,212,637 to be available under section 201 (relating to military assistance for the Near East and Africa); \$1,081,620,493 to be available under section 301 (relating to military and other assistance for Asia and the Pacific); and \$15,000,000 to be available under section 401 (relating to military assistance for Latin America)."

"CHAPTER II—MUTUAL DEFENSE FINANCING

"SEC. 201. AUTHORIZATION OF APPROPRIATIONS.—(a) The Mutual Security Act of 1951, as amended, is amended by adding after section 540 the following new section:

"SEC. 541. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$250,000,000 to carry out the provisions of section 101 (a) (2) (relating to defense support and economic assistance for Europe), and not to exceed \$84,000,000 to carry out the provisions of section 302 (a) (relating to defense support, economic and technical assistance), including the exploration and development of mineral and petroleum resources for the National Government of the Republic of

China and the Associated States of Cambodia, Laos, and Vietnam.'

"(b) Such Act, as amended, is further amended by inserting after section 101 the following new section:

"SEC. 102. There is hereby authorized to be appropriated to the President for the fiscal year 1954, to be made available on such terms and conditions, including transfer of funds, as he may specify, (1) not to exceed \$100,000,000 for manufacture in France of artillery, ammunition, and semiautomatic weapons required by French forces for the defense of the North Atlantic area, and (2) not to exceed \$100,000,000 for manufacture in the United Kingdom of military aircraft required by United Kingdom forces for the defense of the North Atlantic area.'

"(c) Such Act, as amended, is further amended by inserting after section 303 the following new section:

"SEC. 304. There is hereby authorized to be appropriated to the President for the fiscal year 1954, to be made available on such terms and conditions, including transfer of funds, as he may specify, not to exceed \$400,000,000, for the procurement of equipment, materials, and services (as defined in section 21 of the Mutual Defense Assistance Act of 1949, as amended) which are required by and are to be made available to, or are necessary for the support of, the forces of the Associated States of Cambodia, Laos, and Vietnam and the forces of France located in such Associated States.'

"CHAPTER III—MUTUAL SPECIAL WEAPONS PLANNING

"SEC. 301. AUTHORIZATION OF APPROPRIATION.—The Mutual Security Act of 1951, as amended, is amended by adding after section 541 the following new section:

"SEC. 542. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$100,000,000 for the purpose of furnishing special weapons to nations eligible to receive military assistance under this Act or to the international organizations referred to in sections 2 (b) (A) and 2 (b) (C) of this Act: *Provided*, That, prior to the obligation of funds for this purpose, the President shall determine that such obligation is of direct importance to the security interest of the United States and is in furtherance of the policies and purposes of the Mutual Defense Assistance Act of 1949, as amended: *And provided further*, That, prior to the transfer of such weapons, the President shall determine (1) that the recipient is adequately prepared to safeguard the security of such weapons; (2) that the transfer of such weapons will be of direct importance to the security interest of the United States; and (3) that such transfer will further the purposes and policies of the Mutual Defense Assistance Act of 1949, as amended. Nothing contained in this section shall alter, amend, revoke, repeal, or otherwise affect the provisions of any law restricting, limiting, or prohibiting the transfer of any such weapons. Notwithstanding any other provisions of this Act, funds made available pursuant to this section may be used only for the purpose of this section.'

"CHAPTER IV—TECHNICAL ASSISTANCE

"SEC. 401. AUTHORIZATION OF APPROPRIATION.—The Mutual Security Act of 1951, as amended, is amended by adding after section 542 the following new section:

"SEC. 543. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$43,792,500 to carry out the provisions of section 203 (relating to economic and technical assistance for the Near East and Africa); \$72,100,000 to carry out the provisions of section 302 (a) (relating to defense support, economic and technical assistance) other than for the National Government of the Republic of China

and the Associated States of Cambodia, Laos, and Vietnam; and \$24,342,000 to carry out the provisions of section 402 (relating to technical assistance for Latin America).'

"SEC. 402. AUTHORIZATION OF APPROPRIATION FOR BASIC MATERIALS.—Section 514 (relating to basic materials) of the Mutual Security Act of 1951, as amended, is amended by adding at the end thereof the following sentence: 'There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$7,500,000 to carry out the provisions of this section.'

"CHAPTER V—SPECIAL REGIONAL ECONOMIC ASSISTANCE

"SEC. 501. NEAR EAST AND AFRICA.—Section 206 (relating to refugees) of the Mutual Security Act of 1951, as amended, is amended to read as follows:

"SEC. 206. In order to further the purpose of this Act in the Near East and Africa, there is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$194,000,000 to be used, on such terms and conditions as he may specify, to furnish special economic assistance designed to promote the economic development of the area, for relief and rehabilitation of refugees in the area, and for other types of economic assistance to assist in maintaining economic and political stability in the area. The applicable provisions of the Act for International Development (64 Stat. 204; 22 U. S. C. 1557), except the provisions relating to the purpose for which assistance may be given, or of section 503 (b) (3) of this Act, shall apply to the expenditure of funds pursuant to this section to the extent that they are not inconsistent with the purposes of this section.'

"SEC. 502. INDIA AND PAKISTAN.—Section 302 (relating to economic and technical assistance for Asia and the Pacific) of the Mutual Security Act of 1951, as amended, is amended by redesignating subsection (b) as subsection (c), and by inserting after subsection (a) the following new subsection (b):

"(b) In order to further the purpose of this Act in India and Pakistan, there is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$94,400,000 to be used, on such terms and conditions as he may specify, to furnish special economic assistance designed to promote the economic development of such countries, to assist in maintaining economic and political stability therein, and to enable the countries designated in this subsection to make greater progress toward solving their mutual problems in cooperation with each other. The applicable provisions of the Act for International Development, except the provisions relating to the purpose for which assistance may be given, or of section 503 (b) (3) of this Act, shall apply to the expenditure of funds pursuant to this section to the extent that they are not inconsistent with the purposes of this section.'

"CHAPTER VI—MULTILATERAL ORGANIZATIONS

"SEC. 601. MOVEMENT OF MIGRANTS.—Section 534 (relating to the movement of migrants) of the Mutual Security Act of 1951, as amended, is amended by adding at the end thereof the following new sentence: 'There is hereby authorized to be appropriated to the President not to exceed \$10,000,000 for contributions during the calendar year 1954 to the Intergovernmental Committee for European Migration.'

"SEC. 602. MULTILATERAL TECHNICAL COOPERATION.—The Mutual Security Act of 1951, as amended, is amended by adding after section 543 the following new section:

"SEC. 544. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$13,750,000 for

multilateral technical cooperation under section 404 (b) of the Act for International Development.'

"SEC. 603. CHILDREN'S WELFARE.—The Mutual Security Act of 1951, as amended, is amended by adding after section 544 the following new section:

"SEC. 545. There is hereby authorized to be appropriated to the President not to exceed \$9,000,000 for contributions during the calendar year 1954 for the support of international children's welfare work in such manner and on such terms and conditions as he may deem to be in the interests of the United States.'

"SEC. 604. OCEAN FREIGHT ON RELIEF SHIPMENTS.—Section 535 (relating to the payment of ocean freight charges on voluntary relief shipments) of the Mutual Security Act of 1951, as amended, is amended by adding at the end thereof the following new sentence: 'There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$1,825,000 for use in paying ocean freight charges under section 117 (c) of the Economic Cooperation Act of 1948, as amended.'

"SEC. 605. UNITED NATIONS KOREAN RECONSTRUCTION AGENCY.—Section 303 (a) (relating to Korean relief) of the Mutual Security Act of 1951, as amended, is amended as follows:

"(a) Add at the end the following new sentence: 'There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$71,000,000 for making contributions to the United Nations Korean Reconstruction Agency, or such other agency for relief and rehabilitation in Korea as the President may direct.'

"(b) In the third sentence, strike out '\$67,500,000' and insert in lieu thereof '\$40,750,000.'

"CHAPTER VII—FURTHER CHANGES IN EXISTING MUTUAL SECURITY LEGISLATION

"SEC. 701. TRANSFERS OF FUNDS.—(a) Section 101 (b) of the Mutual Security Act of 1951, as amended, is amended to read as follows:

"(b) Not to exceed 10 per centum of the total of the appropriations made available under this section may be transferred, when determined by the President to be necessary for the purpose of this Act, between appropriations made available under either paragraph of subsection (a): *Provided*, That whenever the President makes any such determination, he shall forthwith notify the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives, and the Committees on Armed Services of the Senate and of the House of Representatives.'

"(b) Section 202 of such Act, as amended, is amended by striking out '(excluding balances of prior appropriations continued available) pursuant to section 201' and inserting in lieu thereof 'under section 201'.

"(c) The first sentence of section 513 (a) of such Act, as amended, is amended to read as follows: 'Whenever the President determines it to be necessary for the purpose of this Act, funds made available under sections 101 (a) (1), 201, 301, and 401 may be transferred among such sections, except that not more than 10 per centum of the funds available under any such section may be transferred from that section; and funds made available under sections 101 (a) (2), 203, 302 (a), and 402 may be transferred among such sections, except that not more than 10 per centum of the funds available under any such section may be transferred from that section. Funds so transferred shall be consolidated with the funds available under the section to which they are transferred.'

"SEC. 702. UNEXPENDED BALANCES.—The Mutual Security Act of 1951, as amended, is

amended by adding after section 545 the following new section:

"Unexpended balances"

"SEC. 546. The unexpended balance under each paragraph of title III, Mutual Security, of the Supplemental Appropriation Act, 1953, is hereby authorized to be continued available for its original purposes through June 30, 1954, and may be consolidated with the appropriate fiscal year 1954 appropriation made for the same general purpose under the authority of this Act."

"SEC. 703. ESCAPEES.—Paragraph 101 (a) (1) of title I (relating to Europe) of the Mutual Security Act of 1951, as amended, is amended (1) by deleting the word 'similarly' before the word 'determined', (2) by inserting 'or any Communist-dominated or Communist-occupied areas of Asia' immediately after 'Austria,' and before 'and any other countries absorbed by the Soviet Union', and (3) by striking out 'and to the security of the United States' and inserting in lieu thereof 'or to the security of the United States'."

"SEC. 704. MILITARY AID IN THE NEAR EAST AND AFRICA.—Section 202 of the Mutual Security Act of 1951, as amended, is amended by inserting '(a)' after 'Sec. 202.', and by adding at the end thereof the following new subsection:

"(b) There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$50,000,000 to be available, whenever the President determines that such action is essential for the purpose of this Act, in order to provide assistance, pursuant to the provisions of the Mutual Defense Assistance Act of 1949, as amended, in the area of the Near East and Africa. Such assistance may be furnished to any organization created pursuant to a regional defense arrangement in the area, to any nation in the general area participating in such an arrangement, or to any other nation in the general area which the President determines to be of direct importance to the defense of the area and whose increased ability to defend itself the President determines to be important to the security of the United States (any such determination to be reported forthwith to the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives, and the Committees on Armed Services of the Senate and of the House of Representatives). No assistance shall be furnished under this subsection unless the recipient nation has agreed (1) that the equipment, materials, or services provided will be used solely to maintain its internal security, its legitimate self-defense, or to permit it to participate in the defense of the area, or in United Nations collective security arrangements and measures, and (2) that it will not undertake any act of aggression against any other nation."

"SEC. 705. AUTHORITY FOR ASSISTANCE TO KOREA.—The first sentence of section 302 (a) (relating to economic aid and technical assistance) of the Mutual Security Act of 1951, as amended, is amended by striking out '(but not including the Republic of Korea)'."

"SEC. 706. Title V (relating to organization and general provisions) of the Mutual Security Act of 1951, as amended, is further amended as follows:

"(a) PERSONNEL CEILING EXEMPTION FOR NEW MILITARY ASSISTANCE PROGRAMS.—Amend section 504 (d) (relating to reduction in personnel) to read as follows:

"(d) (1) Ninety days after the enactment of the Mutual Security Act of 1952, the number of civilian employees who are United States citizens, receiving compensation or allowances from the administrative expense appropriations authorized by this Act, employed in the United States and overseas by or assigned to the Mutual Security Agency, or employed by or assigned to the Department of State or the Department of Defense for carrying out programs the appropriations

for which are authorized by this Act, and the military personnel assigned to such programs, shall be in the aggregate at least 5 per centum less than the number so employed or assigned on June 1, 1952, except for such personnel of the Department of Defense engaged in the manufacturing, repair, rehabilitation, packing, handling, crating, or delivery of materiel."

"(2) One hundred twenty days after the enactment of the Mutual Security Act of 1953, the number of civilian employees who are United States citizens, receiving compensation or allowances from the administrative expense appropriations authorized by this Act, employed in the United States and overseas by or assigned to the Director for Mutual Security or the Mutual Security Agency or employed by or assigned to the Department of State or the Department of Defense and other participating agencies for carrying out programs the appropriations for which are authorized by this Act shall be in the aggregate at least 10 per centum less than the number so employed or assigned to comparable positions on January 31, 1953, except for such personnel of the Department of Defense engaged in the manufacturing, repair, rehabilitation, packing, handling, crating, or delivery of materiel."

"(3) After the Director has determined the reduction to be effected in each agency under paragraph (2), the determination as to which individual employee shall be retained shall be made by the head of the agency concerned."

"(4) The Director for Mutual Security shall cause studies to be made from time to time for the purpose of determining whether further reductions in personnel are feasible and consistent with the accomplishment of the purposes of this Act."

"(5) After July 1, 1953, the following categories of civilian employees and military personnel carrying out programs under the Mutual Defense Assistance Act of 1949, as amended, shall be in addition to the personnel ceiling established under paragraph (2) of this subsection:

"(A) Civilian employees and military personnel carrying out such programs in the Associated States of Cambodia, Laos, and Vietnam, over and above the number so engaged before July 1, 1953,

"(B) Civilian employees and military personnel carrying out such programs for any countries in which no such programs were in operation on July 1, 1953,

"(C) Civilian employees and military personnel carrying out such programs for international organizations and headquarters established after July 1, 1953."

"(b) SPECIAL USE OF FUNDS.—Amend section 513 (b) (relating to special use of funds) to read as follows:

"(B) Not more than \$100,000,000 of the funds made available under this Act, of which not more than \$20,000,000 may be allocated to any one country, may be used in any fiscal year by the President, to be expended, without regard to the requirements of this Act, or any other Act for which funds are authorized by this Act, in furtherance of the purposes of such Acts, when the President determines that such use is important to the security of the United States. The President shall notify the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives upon making any such determination."

"(c) GUARANTIES.—Amend section 520 (relating to investment guaranties) to read as follows:

"Guaranties"

"SEC. 520. Funds realized from the sales of notes pursuant to section 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, shall be available for making guaranties of investments in accordance with the applicable provisions of sections 111 (b) (3)

and 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, in any country with which the United States has agreed to institute the guaranty program, notwithstanding the provisions of section 511 of this Act."

"(d) TERMINATION OF PROGRAM.—Amend section 530 (relating to the expiration of the Mutual Security Program) by striking out 'twelve months' and 'twelve-month' wherever appearing therein and inserting in lieu thereof 'twenty-four months' and 'twenty-four-month', respectively, and by inserting before the period at the end of subsection (a) the following: 'Provided, That such part of the equipment, materials, and services referred to above as is to be transferred to recipient countries under the Mutual Defense Assistance Act of 1949, as amended, or the Act of May 22, 1947, as amended, may be so transferred until June 30, 1957, and that part of the funds referred to above which is appropriated to carry out such Acts may be obligated for the purposes set forth above, and for liquidating operations under this proviso, until June 30, 1957: Provided, That guaranties authorized under section 111 (b) (3) of the Economic Cooperation Act of 1948, as amended, may be issued until June 30, 1957, out of any funds remaining available for that purpose'."

"(e) UNDERDEVELOPED AREAS.—Add after section 546 the following new section:

"Underdeveloped areas"

"SEC. 547. Whenever funds are made available under this Act for assistance, other than military assistance, to any economically underdeveloped area, such funds may be used under the applicable provisions of section 503 (b) (3) or the applicable provisions of the Act for International Development. Where administrative arrangements, including provisions relating to compensation and allowances of personnel, authorized under section 503 (b) (3), differ from those authorized by the Act for International Development, the Director may make use of arrangements authorized under either statute, in carrying out such programs, except that before extending the provisions of section 109 (a) of the Economic Cooperation Act of 1948, as amended, to countries in which programs authorized under the Act for International Development are being carried out, the Director will secure the approval of the Secretary of State."

"(f) USE OF LOCAL CURRENCY.—"

"(1) Strike out the next to the last sentence of section 521 (relating to administrative expenses)."

"(2) Add after section 547 the following new section:

"United States use of foreign currency"

"SEC. 548. (a) The several amounts otherwise authorized by this Act to be appropriated are authorized to be increased by amounts which shall not, in the aggregate, exceed \$98,396,000."

"(b) Amounts appropriated pursuant to any authorization contained in this Act are authorized to be made available for purchase of foreign currencies (including foreign currencies or credits owed to or owned by the United States): Provided, That such currencies or credits are authorized to be made available for use, without reimbursement to the Treasury, for liquidation of obligations legally incurred against such currencies prior to July 1, 1953."

"(g) NEAR EAST REFUGEES.—Add after section 548 the following new section:

"Near East refugees"

"SEC. 549. (a) In order to contribute to the peace and stability of the Near East in particular and of the world in general, the Director for Mutual Security shall, in consultation with the Secretary of State, make a survey of the refugee situation in the Near East and report the results of the survey to the Congress within one hundred fifty days

after the Mutual Security Act of 1953 is enacted, together with recommendations for seeking a solution. In the making of such report and recommendations, especial consideration shall be given to a program which would utilize the services and talents of these refugees to develop and expand the resources of the area, including its water resources.

"(b) In carrying out his duties under this section, the Director for Mutual Security shall consult with the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives, and shall keep these committees constantly and fully informed of the action which he takes to carry out the provisions of this section."

"(h) USE OF SURPLUS AGRICULTURAL COMMODITIES.—Add after section 549 the following new section:

"Use of surplus agricultural commodities"

"SEC. 550. (a) Not less than \$100,000,000 and not more than \$250,000,000 of the funds authorized to be appropriated under this Act shall be used, directly or indirectly, to finance the purchase of surplus agricultural commodities, or products thereof, produced in the United States.

"(b) The President is authorized to enter into agreements with friendly countries for the sale and export of such surplus agricultural commodities under conditions negotiated by him with such countries and to accept in payment therefor local currency for the account of the United States. In negotiating agreements for the sale of such commodities, the President shall—

"(1) take special precaution to safeguard against the substitution or displacement of usual marketings of the United States or friendly countries, and to assure to the maximum extent practicable that sales prices of such commodities are consistent with maximum world market prices of like commodities of similar quality, and to obtain the recommendations of the Secretary of Agriculture in carrying out the provisions of this subsection;

"(2) use private trade channels to the maximum extent practicable;

"(3) give appropriate emphasis to underdeveloped and new market areas;

"(4) obtain assurance that the purchasing countries will not resell or transship to other countries or use for other than domestic consumption commodities purchased under this program without specific approval by the President.

"(c) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President shall use the proceeds of such sales for the purpose of this Act, giving particular regard to the following purposes—

"(1) for providing military assistance to countries or mutual defense organizations eligible to receive assistance under this Act;

"(2) for purchase of goods or services in friendly countries;

"(3) for loans, under applicable provisions of this Act, to increase production of goods or services, including strategic materials, needed in any country with which an agreement was negotiated, or in other friendly countries, with the authority to use currencies received in repayment for the purposes stated in this section or for deposit to the general account of the Treasury of the United States;

"(4) for developing new markets on a mutually beneficial basis;

"(5) for grants-in-aid to increase production for domestic needs in friendly countries;

"(6) for purchasing materials for United States stockpiles.

"(d) In carrying out the provisions of this section, the President shall take special precaution to safeguard against the displacement of foreign exchange earnings

which would otherwise accrue to the United States or any friendly nations.

"(e) The President is authorized to enter into such agreements with third countries receiving goods accruing from the proceeds of sales made pursuant to this section as he deems necessary to effectuate the purpose of this Act."

"SEC. 707. The Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1571-1604), is further amended as follows:

"(a) EXCESS EQUIPMENT.—Immediately before the period in the next to last sentence of section 403 (d) (relating to limitation on furnishing of excess equipment), insert a comma and the following: 'and after June 30, 1953, by an additional \$200,000,000'.

"(b) SALES OF MILITARY EQUIPMENT.—Strike out the word 'The' where it appears at the beginning of section 408 (e) (1) (relating to sales of military equipment) and insert in lieu thereof the following: 'Notwithstanding the provisions of section 530 (a) of the Mutual Security Act of 1951, as amended, the'.

"(c) DEPENDABLE UNDERTAKING PROCEDURE.—Amend the last sentence of section 408 (e) (2) (relating to sales of military equipment) to read as follows: 'Before a contract is entered into, or rehabilitation work is undertaken, such nation, or international military organization or headquarters, shall (A) provide the United States with a dependable undertaking to pay the full amount of such contract or the cost of such rehabilitation which will assure the United States against any loss on the contract, or rehabilitation work, and (B) shall make funds available in such amounts and at such times as may be necessary to meet the payments required by the contract or the rehabilitation work in advance of the time such payments are due, in addition to the estimated amount of any damages and costs that may accrue from the cancellation of such contract or rehabilitation work: *Provided*, That the total amount of outstanding contracts under this subsection, less the amounts which have been paid to the United States by such nations, shall at no time exceed \$700,000,000'.

"(d) LOANS OF EQUIPMENT.—Amend section 411 (d) (containing definitions) to read as follows:

"(d) The term 'services' shall include any service, repair, training of personnel, or technical or other assistance or information necessary to effectuate the purposes of this Act, including loans of limited quantities of equipment for designated periods solely for test and study purposes."

"SEC. 708. The remaining provisions of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1503-1519), are further amended as follows:

"(a) TERM OF GUARANTIES.—Amend section 111 (b) (3) (relating to guaranties) by striking out 'which guaranties shall terminate not later than fourteen years from the date of enactment of this Act', and by inserting in lieu thereof 'which guaranties shall be limited to terms not exceeding twenty years from the date of issuance.'

"(b) COUNTERPART LOANS.—Amend the last proviso of section 115 (b) (6) (relating to counterpart funds) to read as follows: 'And provided further, That whenever funds from such special account are used by a country to make loans, all funds received in repayment of such loans prior to termination of assistance to such country shall be reused only for such purposes as shall have been agreed to between the country and the Government of the United States.'

"(c) USE OF LOCAL CURRENCY.—Amend section 115 (h) by striking out 'including' and inserting in lieu thereof the following: 'and, without regard to section 1415 of the Supplemental Appropriations Act, 1953, for'.

"SEC. 709. UNITED NATIONS TECHNICAL CO-OPERATION PROGRAMS.—Amend the last proviso in section 404 (b) of the Act for Interna-

tional Development by striking out the word 'fiscal' and inserting in lieu thereof the word 'calendar.'

"SEC. 710. AMENDMENT AND REPEAL OF CERTAIN PROVISIONS.—(a) (1) Section 516 (a) of the Mutual Security Act of 1951, as amended, is amended to read as follows:

"(a) The Congress recognizes the vital role of free enterprise in achieving rising levels of production and standards of living essential to the economic progress and defensive strength of the free world. Accordingly, it is declared to be the policy of the United States, in furtherance of the objectives of this Act, to encourage the efforts of other free countries in fostering private initiative and competition, in discouraging monopolistic practices, in improving the technical efficiency of their industry, agriculture, and commerce, and in the strengthening of free labor unions; and to encourage American enterprise in contributing to the economic strength of other free countries through private investment abroad and the exchange of ideas and technical information on the matters covered by this subsection."

"(2) Section 516 (b) of such Act, as amended, is amended by striking out the words 'To accomplish the purpose of clause (1) of subsection (a) of this section, under' and inserting in lieu thereof the word 'Under'.

"(b) Section 115 (k) of the Economic Cooperation Act of 1948, as amended, is repealed. Nothing in this subsection shall be construed to prevent the carrying out of any commitment or agreement entered into pursuant to such section 115 (k) prior to the date of enactment of this Act."

And the Senate agree to the same.

R. B. CHIPERFIELD,
JOHN M. VORYS,
WALTER H. JUDD,
JAS. P. RICHARDS,
LAURIE BATTLE,

Managers on the Part of the House.

ALEXANDER WILEY,
H. ALEXANDER SMITH,
BOURKE B. HICKENLOOPER,
WILLIAM F. KNOWLAND,
WALTER F. GEORGE,
THEODORE FRANCIS GREEN,
JOHN SPARKMAN,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 5710) to amend further the Mutual Security Act of 1951, as amended, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate struck out all of the House bill after the enacting clause and inserted a substitute amendment. The committee of conference has agreed to a substitute for both the House bill and the Senate amendment. Except for clarifying, clerical, and necessary conforming changes, the differences are noted below:

THE FUND AUTHORIZATIONS

The total amount authorized in the House bill was \$4,998,732,500. The Senate amendment authorized \$5,318,732,500. The difference between the two Houses was \$320,000,000.

The committee of conference has agreed on an authorization of \$5,157,232,500. Thus the Senate authorization was reduced by \$161,500,000; the House authorization was increased by \$158,500,000.

The conference agreement carries \$3,581,523,000 for military assistance for all areas and \$934,000,000 for mutual defense financing. The military assistance authorization is \$100,000,000 more than that carried in the House bill, but represents a \$100,000,000 re-

duction in the Senate amount. The sum authorized for mutual defense financing is \$50,000,000 more than that authorized by the House. Likewise, this represents a \$50,000,000 reduction in the Senate amount.

The authorization agreed upon for the basic materials program is \$7,500,000, representing an equal adjustment between the

Senate authorization of \$15,000,000 and the absence of any sum in the House bill. The conference agreement retains the House authorization of \$9,000,000 for the Children's Fund, a reduction of \$4,000,000 from the Senate authorization. On the other hand, the agreement includes the Senate figure of \$1,825,000 for ocean freight on relief packages,

an increase of \$1,000,000 over the House figure.

TABLE

This table shows the sums carried in the proposed Mutual Security Act of 1953, as requested by the executive branch, as altered by the House of Representatives and by the Senate, and as agreed to in conference.

Mutual Security Act of 1953

Subject	Original executive request	Amended executive request	Difference between column 1 and column 2	Redistribution of sums by executive (revised committee print, June 4, 1953)	Recommended by Committee on Foreign Affairs and authorized by House, H. R. 5710	Difference between executive request (col. 4) and House (col. 5)	Recommended by Senate Committee on Foreign Relations and authorized by Senate, S. 2128	Difference between House (col. 5) and Senate (col. 7)	Conference agreement
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
I. Military assistance:									
A. Europe.....	\$2,534,323,000	\$2,216,923,000	\$317,400,000	\$2,179,689,870	\$2,079,689,870	\$100,000,000	\$2,179,689,870	\$100,000,000	\$2,129,689,870
B. Near East and Africa.....	469,200,000	448,600,000	20,600,000	405,212,637	305,212,637	100,000,000	405,212,637	100,000,000	355,212,637
C. Asia and Pacific.....	1,001,000,000	1,001,000,000	0	1,081,620,493	1,081,620,493	0	1,081,620,493	0	1,081,620,493
D. American Republics.....	20,000,000	15,000,000	5,000,000	15,000,000	15,000,000	0	15,000,000	0	15,000,000
Total.....	4,024,523,000	3,681,523,000	343,000,000	3,681,523,000	3,481,523,000	200,000,000	3,681,523,000	200,000,000	3,581,523,000
II. Mutual defense financing:									
A. Europe.....	1300,000,000	1300,000,000	0	1300,000,000	200,000,000	100,000,000	1300,000,000	100,000,000	250,000,000
B. Formosa and Indochina.....	195,000,000	184,000,000	11,000,000	184,000,000	84,000,000	100,000,000	184,000,000	0	84,000,000
C. French NATO military production.....	100,000,000	100,000,000	0	100,000,000	100,000,000	0	100,000,000	0	100,000,000
D. British NATO aircraft production.....	100,000,000	100,000,000	0	100,000,000	100,000,000	0	100,000,000	0	100,000,000
E. Equipment and support of forces in Indochina.....	400,000,000	400,000,000	0	400,000,000	400,000,000	0	400,000,000	0	400,000,000
Total.....	995,000,000	984,000,000	11,000,000	984,000,000	884,000,000	100,000,000	984,000,000	100,000,000	934,000,000
III. Mutual special weapons planning.....	250,000,000	250,000,000	0	250,000,000	100,000,000	150,000,000	100,000,000	0	100,000,000
IV. Technical assistance:									
A. Near East and Africa.....	143,792,500	143,792,500	0	43,792,500	43,792,500	0	43,792,500	0	43,792,500
B. Asia and Pacific.....	172,100,000	172,100,000	0	72,100,000	72,100,000	0	72,100,000	0	72,100,000
C. American Republics.....	124,342,000	124,342,000	0	24,342,000	24,342,000	0	24,342,000	0	24,342,000
Total.....	140,234,500	140,234,500	0	140,234,500	140,234,500	0	140,234,500	0	140,234,500
V. Basic materials.....	25,000,000	25,000,000	0	25,000,000	0	25,000,000	15,000,000	10,000,000	7,500,000
VI. Special regional assistance:									
A. Near East and Africa.....	194,000,000	194,000,000	0	194,000,000	194,000,000	0	194,000,000	0	194,000,000
B. India and Pakistan.....	94,400,000	94,400,000	0	94,400,000	94,400,000	0	94,400,000	0	94,400,000
Total.....	288,400,000	288,400,000	0	288,400,000	288,400,000	0	288,400,000	0	288,400,000
VII. Multilateral organizations:									
A. Movement of migrants.....	10,000,000	10,000,000	0	10,000,000	10,000,000	0	10,000,000	0	10,000,000
B. Multilateral technical cooperation.....	13,750,000	13,750,000	0	13,750,000	13,750,000	0	13,750,000	0	13,750,000
C. Children's welfare.....	9,000,000	9,000,000	0	9,000,000	9,000,000	0	13,000,000	\$4,000,000	9,000,000
D. Ocean freight.....	1,825,000	1,825,000	0	1,825,000	825,000	\$1,000,000	1,825,000	1,000,000	1,825,000
E. U. N. Korean Reconstruction Agency.....	71,000,000	71,000,000	0	71,000,000	71,000,000	0	71,000,000	0	71,000,000
Total.....	105,575,000	105,575,000	0	105,575,000	104,575,000	1,000,000	109,575,000	5,000,000	105,575,000
Total in bill.....	5,828,732,500	5,474,732,500	\$354,000,000	5,474,732,500	4,998,732,500	476,000,000	5,318,732,500	160,000,000	5,157,232,500

¹ Not separately identified.

² House below Executive request—column 2 less column 5.

³ House below Senate—column 7 less column 5.

⁴ The bill also authorizes the appropriation of \$98,396,000 of local currencies. This authorization makes no demand on the U. S. Treasury.

EUROPEAN DEFENSE COMMUNITY (SECTION 101)

The House bill contained a provision requiring that not less than 50 percent of the funds authorized for military assistance to Europe in fiscal year 1954 be made available only for the European Defense Community. The Senate amendment contained a similar provision, except that it granted discretion to the President to withhold up to \$1,000,000,000 of such funds.

The conference agreement in effect combines the features of both versions by requiring that 50 percent of the fiscal year 1954 military assistance funds for Europe shall be used for equipment and materials to be transferred to the European Defense Community or to the countries which become members thereof, unless the Congress upon Presidential recommendation otherwise provides. Thus, should the organization not come into being and should the President consider that conditions might nevertheless in his judgment warrant release of the funds, materials, and equipment earmarked for the organization, the Congress would reconsider the provision upon the rec-

ommendation of the President. The conference agreement expresses the importance which the United States attaches to the European Defense Community and gives assurance that the formation of the organization will be followed by United States assistance in helping the EDC contribute to the collective security effort. Equipment and materials may be procured, but delivery of the assistance shall not take place until the organization is formed.

MUTUAL DEFENSE FINANCING—EXPLORATION FOR MINERALS AND PETROLEUM (SECTION 201 (A))

The Senate amendment in connection with defense support, economic and technical assistance for the National Government of the Republic of China and the Associated States of Cambodia, Laos, and Vietnam, contained a provision explicitly authorizing the inclusion of assistance in the form of exploration and development of mineral and petroleum resources. The House bill did not refer to such form of assistance. In view of the importance attached by the committee of conference to the development of these resources

in this vital area, the conference agreement retains the Senate language.

BASIC MATERIALS (SECTION 402)

The executive branch had requested \$25,000,000 and an equal amount in local currency for basic materials projects. This sum is for the purpose of initiating projects that will increase the production of raw materials and food, particularly in Africa and the Far East, and thereby contribute to the expansion of trade and the economic stability of large areas of the free world.

The House did not authorize the dollar amount but left undisturbed the use of local currency. The Senate amendment included \$15,000,000 but carried no provision for local currency. Thus, the differences between the two Houses were (1) \$15,000,000 and (2) \$25,000,000 equivalent in local currency.

The Senate accepted the House language on local currency. This makes possible the use of local currency equal to \$25,000,000 for development purposes. The conferees adjusted the dollar authorization to \$7,500,000 to cover the purchase of necessary supplies

and equipment from dollar sources, including the United States.

INDIA AND PAKISTAN (SECTION 502)

The House bill required the President, when he specifies the terms and conditions on which special regional economic assistance is to be furnished India and Pakistan, to include conditions and assurances "to enable the countries * * * to make greater progress toward solving their mutual problems in cooperation with each other." The Senate amendment contained no such mandate. The conference agreement retains the quoted language, but includes it as one of the positive purposes of the assistance rather than as a specific condition.

OCEAN FREIGHT ON RELIEF SHIPMENTS (SECTION 604)

Both the House bill and the Senate amendment authorized an appropriation for use in paying ocean freight charges on relief shipments by voluntary relief agencies. The amount in the House bill was \$825,000, while that contained in the Senate was \$1,825,000. In view of the fact that evidence presented subsequent to House action indicates that 90 million pounds of dried milk have been made available by the Department of Agriculture to these agencies for distribution abroad, the conference agreement contains the Senate amount, which should enable the agencies involved to distribute the milk and other relief supplies.

UNITED NATIONS KOREAN RECONSTRUCTION AGENCY (SECTION 605)

Both the House bill and the Senate amendment authorized contributions to the United Nations Korean Reconstruction Agency (UNKRA), but the Senate amendment authorized contributions to UNKRA "or such other agency as the President may direct." The conference agreement adopts the Senate language, thus permitting flexibility to meet possible changed conditions, adding after the phrase "such other agency" the words "for relief and rehabilitation in Korea".

TRANSFERS OF FUNDS (SECTION 701)

The House bill permitted the President to transfer up to 10 percent of the total of the funds provided for the purpose of furnishing military assistance and defense support to Europe from one of these purposes to the other in that area. The House bill also permitted 10 percent of the funds available for assistance to each area to be transferred to other areas to be used for the same purpose. In both types of transfer, in applying the 10-percent figure, unexpended balances of prior appropriations were not included.

The Senate amendment increased the transferability of funds between military and economic assistance within Europe from 10 to 15 percent and provided for a transfer of 15 percent of the funds made available pursuant to the authorizations for Mutual Defense Financing, Technical Assistance, and Multilateral Organizations among those chapters.

The Senate amendment also made eligible for transfer the special assistance to France, the United Kingdom, for Indochina, to the Near East, and to India and Pakistan, while the House bill excluded such special assistance from transfer.

The conference agreement adopts the provisions of the House bill, except that unexpended balances of prior appropriations are to be included in computing the 10-percent figure.

MILITARY AID IN THE NEAR EAST AND AFRICA (SECTION 704)

The committee of conference agreed that the fluid situation in the Near East warranted special consideration. The House bill carried an authorization of \$305,212,637 for military assistance; the Senate amendment, \$405,212,637—a difference of \$100,000,000. The conferees adjusted these sums and agreed upon \$355,212,637.

Of this sum, \$50,000,000 is earmarked to provide military assistance to a regional defense organization or any members thereof. To grant maximum flexibility he may also draw on the \$50,000,000 for additional assistance to any nation in the general area which he "determines to be of direct importance to the defense" of that area and "whose increased ability to defend itself the President determines to be important to the security of the United States." When he has made such a determination, he shall so advise the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs.

It is further provided that such military assistance as is given under this section will be contingent upon adequate safeguards as to its use by the recipient nation. These will include provisions that the equipment "will be used solely to maintain its internal security, its legitimate self-defense, or to permit it to participate in the defense of the area, or in United Nations collective security arrangement and measures * * *." It will also be required to give assurances "that it will not undertake any act of aggression against any other nation."

This earmarked \$50 million is in addition to the provisions of existing law for transfer of 10 percent of area military funds to countries other than Greece, Turkey, and Iran.

PERSONNEL CEILINGS (SECTION 706 (A))

Last year the Congress enacted a provision, proposed by the Committee on Foreign Affairs, requiring a 10 percent reduction of United States civilian administrative personnel connected with the Mutual Security Program. This year the committee again proposed, and the House accepted, an additional 10 percent reduction. The Senate had no such provision in its amendment and accepted the House provision. It is estimated that a reduction in force of at least 560 will be effected through the inclusion of this section.

The House bill stipulated that such a reduction be effected not later than 90 days after the enactment into law of this bill. The pending reorganization of the administration of foreign aid raises complex administrative problems. For this reason the committee of conference agreed to a period of 120 days in which to effect the reduction.

The administration anticipates the initiation of military assistance programs in other countries not presently receiving such assistance under the Mutual Security Program; the expansion of assistance to Indochina; and military assistance to defense organizations such as the European Defense Community. Both Houses permitted the addition of military personnel above existing ceilings to carry out such new and augmented programs. The Senate amendment also allowed additional civilian personnel identified with these programs. The House bill contained no such provision. The Department of Defense as well as the State Department will be required to administer and give support to these programs. For this reason the conference agreement adopts the Senate language.

TERMINATION OF PROGRAM (SECTION 706 (D))

The Senate amendment extended the date for termination of the Mutual Security Program from June 30, 1954, to June 30, 1955, and provided an additional period of 1 year for liquidating transactions financed with funds other than those authorized pursuant to the Mutual Defense Assistance Act. A period of 2 years after 1955 was authorized for liquidating Mutual Defense Assistance Act transactions since military equipment, such as planes and ships, involves a long lead time.

The House bill made no change in the date of termination of the program but extended

the period for completing transactions from 12 to 24 months.

The committee of conference agreed to retain the date June 30, 1954, for termination of the program as provided in existing law but extended the time available for completing transactions involving Mutual Defense Assistance Act funds until June 30, 1957, and for 2 years in the case of non-Mutual Defense Assistance Act funds. The conference agreement also authorizes the issuance until June 30, 1957, of guaranties.

The June 30, 1954, date was adhered to, not because the committee of conference believed that all forms of assistance to other nations would finally terminate on that date, but because they felt that a basic overhauling of the legislation dealing with foreign aid is necessary before that date. The new administration recognizes this. In his message submitting Reorganization Plan No. 7 to Congress President Eisenhower said:

"Our organization for the conduct of foreign affairs has been built upon a patchwork of statutes which needs careful restudy as a basis for new legislation. The development of new legislation will take time. By early next year we will be prepared, with appropriate consultation with the Congress, to recommend such legislation."

NEAR EAST REFUGEES (SECTION 706 (G))

The Senate accepted the House provision for a survey of the Near Eastern refugee situation. The House agreed that the results of the survey should be reported to the Congress within 150 days in lieu of the 90 days required in the House bill. The conferees were of the opinion that this additional time was necessary to permit a thorough examination of the complex conditions and problems involved in the refugee situation.

USE OF SURPLUS AGRICULTURAL COMMODITIES (SECTION 706 (H))

Both the House bill and the Senate amendment included provisions for the use of surplus agricultural commodities in connection with supplying assistance to foreign countries. The language of the House bill stated the intent of Congress that surplus agricultural commodities should be substituted for other forms of economic aid to the extent feasible. The Senate provision authorized an arrangement for converting dollars authorized for military assistance into foreign currencies. The dollars received by the foreign nation were to be spent by agreement for United States farm products and the local currencies received by the United States would be spent for military end items in the purchasing countries.

The committee of conference agreed to a modification of both provisions. The conference agreement requires that of the funds authorized not less than \$100,000,000 and not more than \$250,000,000 "shall be used directly or indirectly, to finance the purchase of surplus agricultural commodities." The provision for "indirect" financing is to permit reimbursement of the Commodity Credit Corporation for commodities supplied from its stocks.

Sale of agricultural surpluses for local currencies is authorized. Such currencies are to be kept in a special United States account and may be utilized for the purposes set forth in the legislation without appropriation by the Congress.

Local currencies so acquired may be spent only for the purposes of the Mutual Security Act, giving particular regard to the providing of military assistance to countries or mutual defense organizations and to other specified purposes.

Special precautions are to be taken to prevent disposing of surpluses in a manner which would displace normal market arrangements and to insure that maximum use will be made of private trade channels.

The conference agreement carries out the objectives of the provisions of the House bill

and the Senate amendment while providing more specific and detailed procedures for the attainment of these objectives.

SALES OF MILITARY EQUIPMENT (SECTION 707 (B))

Provision was made in both the House bill and the Senate amendment for authorizing the sale of military equipment by the United States Government to other nations beyond June 30, 1954, the date of termination of the Mutual Security Program provided under existing law. This was considered especially necessary because of the need of foreign governments in buy parts and components for weapons and equipment previously supplied to them by the United States and obtainable only in the United States. The House bill contained language to restrict such sales after the termination of the Mutual Security Program to parts and components required for maintenance and repair purposes. The Senate amendment did not contain such limiting provisions. The conference agreement retains the language of the Senate amendment.

UNITED NATIONS TECHNICAL COOPERATION PROGRAMS (SECTION 709)

The Senate amendment extended the authorization of the appropriation contained in the Mutual Security Act of 1952 for United Nations Technical Cooperation programs for a period of 6 months by making the authorization apply to the calendar year 1953 rather than the fiscal year. The House bill contained no such provision. The conference agreement includes the Senate language. The full amount authorized for fiscal 1953 was not appropriated during the fiscal year. The extension of the authorization will permit a request for a supplemental appropriation of the remainder of the amount authorized.

AMENDMENT AND REPEAL OF CERTAIN PROVISIONS (SECTION 710)

The Senate amendment contained a provision amending section 516 (a) of the Mutual Security Act of 1951, as amended, so as to express the policy of the Congress to encourage the efforts of other free countries in fostering private enterprise, in discouraging monopolistic practices and in the strengthening of free labor unions, and to encourage American private investment abroad and the exchange of ideas and technical information. The House bill repealed section 516 (a). Since, however, it was not the intention of the House thereby to repeal the objectives of the subsection, the conference agreement follows the Senate language which more clearly expresses those objectives, with a clarifying modification to confine the "exchange of ideas and technical information" to the elements of private enterprise covered in section 516 (a) as amended in the conference agreement.

PACIFIC PACT

The House bill contained a provision stating that the Congress favors the negotiation of a Pacific pact, consistent with the United Nations Charter, for the common defense of the free peoples of the Far East, South Asia and the Pacific Ocean area, and the United States participation in such a pact. The Senate amendment contained no such provision. The conference agreement omits the provision. The Mutual Defense Assistance Act of 1949, as amended, includes a somewhat similar expression of congressional policy as follows:

"The Congress hereby expresses itself as favoring the creation by the free countries and the free peoples of the Far East of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties and to protect their security and independence."

GUARANTIES

The House bill contained three provisions relating to guaranties—one, extending the terms of guaranties to 20 years; the second, extending eligibility to countries not participating in the Mutual Security Programs; and the last, extending the types of risks covered by guaranties to "war, revolution, or civil disorder." The Senate amendment contained no such provisions. The House yielded on the last provision, but the Senate conferees accepted the other two House provisions. These, together with the proviso in section 706 (d) of the conference agreement permitting the issuance of guaranties until June 30, 1957, also accepted by the Senate conferees, should help to broaden the investment guaranty program so as to stimulate greater investor participation.

ASSISTANCE TO NATO COUNTRIES

The Senate amendment included an amendment to the Mutual Defense Assistance Act, providing that "military assistance may be furnished for purposes not included in such [NATO] defense plans. * * *" The House bill contained no such provision. The conference agreement omits the provision. The managers on the part of the Senate receded as to this provision and joined in expressing the judgment of the committee of conference that the Senate language might be misinterpreted and that the provisions of the Mutual Defense Assistance Act as broadened by section 2 of the Mutual Security Act of 1951, as amended, grant sufficient authority as to the use of military equipment and materials, thus making the Senate language unnecessary.

R. B. CHIPERFIELD,
JOHN M. VORYS,
WALTER H. JUDD,
JAS. P. RICHARDS,
LAURIE BATTLE,

Managers on the Part of the House.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 16. An act to amend the immunity provision relating to testimony given by witnesses before either House of Congress or their committees; to the Committee on the Judiciary.

ENROLLED BILLS SIGNED

Mr. LECOMPTE, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 4905. An act to amend the Atomic Energy Act of 1946, as amended.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 1644. An act to amend the act of May 27, 1940 (54 Stat. 223), as amended, and the act of February 14, 1931 (46 Stat. 1111), to remove the limitation upon the rank of the Director of Music, the leader of the United States Military Academy Band, and to remove the limitation upon the pay of the United States Naval Academy Band, and to authorize the appointment of the present leader of the United States Navy Band to the permanent grade of commander in the Navy.

BILLS PRESENTED TO THE PRESIDENT

Mr. LECOMPTE, from the Committee on House Administration, reported that that committee did on this day present

to the President, for his approval, bills of the House of the following titles:

H. R. 1528. An act to authorize the exchange of lands of the Appomattox Court House National Historical Monument, Virginia, for non-Federal lands; and

H. R. 4905. An act to amend the Atomic Energy Act of 1946, as amended.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the Appendix of the RECORD, or to revise and extend remarks was granted to:

Mr. DORN of New York and to include extraneous matter.

Mr. SMITH of Wisconsin in five instances, in each to include extraneous matter.

Mr. KERSTEN of Wisconsin in three instances, in each to include extraneous matter.

Mr. BUSBEY to extend the remarks he expects to make in the Committee of the Whole today and to include extraneous matter.

Mr. BONIN and to include an editorial.

Mr. DAGUE.

Mr. HELLER in three instances, in each to include extraneous matter.

Mr. SHEEHAN and to include extraneous matter.

Mr. GORDON and to include a telegram.

Mr. ZABLOCKI in two instances and to include extraneous matter.

Mr. EVINS and to include an address made by the Governor of Tennessee at the International Kiwanis Convention notwithstanding it exceeds the limit and is estimated by the Public Printer to cost \$196.

Mr. REES of Kansas and to include extraneous matter.

Mr. BAKER and to include an article.

Mr. HAGEN of Minnesota in three instances and to include extraneous matter.

Mr. JENKINS the remarks he made today in Committee and to include extraneous matter.

Mrs. HARDEN in two instances, to include in one an article appearing in Time magazine, and in the other a preliminary report by the Federal Civil Defense Administration.

Mr. Bow and to include extraneous matter.

Mrs. ROGERS of Massachusetts and to include an article regarding the heroism of the nurses in Korea.

Mr. BONIN and Mr. ROONEY.

Mr. WOLVERTON in four instances and to include extraneous matter.

Mr. VURSELL and to include a radio broadcast.

Mr. HALLECK and Mr. BYRNES of Wisconsin to revise and extend their remarks made in Committee and to include extraneous matter.

Mr. KERSTEN of Wisconsin to extend his remarks just before the vote on the bill H. R. 5898.

Mr. PRICE in two instances and to include extraneous matter in each.

Mr. POWELL (at the request of Mr. McCORMACK) and to include extraneous matter.

ADJOURNMENT

Mr. HALLECK. Mr. Speaker, I move that the House do now adjourn.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 14, 1953
For actions of July 13, 1953
83rd-1st, No. 129

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HIGHLIGHTS: Both Houses completed congressional action on drought-relief and foreign-aid bills. Senate ratified Wheat Agreement and passed measure to carry it out. Senate and House conferees were appointed on wheat marketing quota bill. Senate received Arnold nomination to FCA. House passed customs-simplification bill. House Rules Committee cleared supplemental appropriation bill. House committee reported bill to modify trade agreements law. Rep. Steed spoke in favor of livestock price supports.

SENATE

1. DROUGHT RELIEF. Both Houses agreed to the conference report on H. R. 6054, the drought-relief bill (pp. 8835-7, 8886-7). This bill will now be sent to the President.

WHEAT. Ratified Executive H, to revise and extend the International Wheat Agreement. The Agreement and an explanation of it are printed in the Record. (pp. 8890-912.)

Passed without amendment S. J. Res. 97, to provide for effectuation of the new International Wheat Agreement (pp. 8873, 8912).

Senate and House conferees were appointed on H. R. 5451, to amend the wheat marketing quota law (pp. 8834, 8887).

3. FOREIGN AID. Both Houses agreed to the conference report on H. R. 5710, to amend and extend the Mutual Security Act. The House vote was 221-109. (pp. 8938-40, 8861-8.) This bill will now be sent to the President. Sen. Wiley expressed regret that the authorization for ICEF was not larger (p. 8883). Sen. Morse inserted a paper by E. J. Bell favoring "Aid By Trade" (pp. 8883-6).

4. NOMINATION of Carl Raymond Arnold to be FCA Governor was received (p. 8948).

5. POTATOES. S. 2124, relating to repacking of potatoes, was taken from the Interstate and Foreign Commerce Committee and referred to the Agriculture and Forestry Committee (p. 8880).

6. PRICE SUPPORTS. Sen. Langer inserted a Carson (N. Dak.) Commercial Club resolution favoring present price-support legislation (p. 8874).
7. TREATIES. Sen. Wiley criticized the Bricker resolution, to limit treaty powers, and inserted letters opposing it (pp. 8880-3).

HOUSE

8. APPROPRIATIONS. The Rules Committee reported a resolution for consideration of H. R. 6200, the supplemental appropriation bill, 1954 (p. 8872).
House conferees were appointed on H. R. 4974, the State, Justice, Commerce appropriation bill for 1954 (p. 8832), and H. R. 5246, the Labor-HEW appropriation bill for 1954 (p. 8834). Senate conferees have been appointed.
9. FOREIGN TRADE. Passed with amendment H. R. 5377, to amend certain administrative provisions of the Tariff Act of 1930 to simplify customs procedure (pp. 8837-61). Rejected a committee amendment to require that injury or threat of injury be proved by an industry before a countervailing duty would be imposed by the Treasury Department (pp. 8860-1). Rep. Scott said this amendment was opposed by wool and cotton groups, etc. (p. 8843).
The Ways and Means Committee reported without amendment H. R. 5894, to amend the Trade Agreements Extension Act to provide additional protection for American workers, farmers, etc. (H. Rept. 777) (p. 8872).
10. SMALL BUSINESS. Adopted H. J. Res. 294, making appropriations for the Small Defense Plants Administration for July 1953 (p. 8831).
11. PRICE DISCRIMINATION. Rep. Patman claimed there is a nationwide effort to fool the independent merchant as to his right to buy cooperatively under the Robinson-Patman Act (pp. 8868-9).

BILLS INTRODUCED

12. AGRICULTURAL ADJUSTMENT. H. R. 6257, by Rep. Hunter, and H. R. 6259, by Rep. Rhodes of Ariz., "to amend the Agricultural Adjustment Act of 1938"; to Agriculture Committee (p. 8872).
13. FOREIGN AID. H. R. 6262, by Rep. Radwan, to authorize CCC commodities to be used for foreign aid; to Agriculture Committee (p. 8872).
14. RESEARCH. S. 2367, by Sen. Aiken, "to strengthen the conduct of research" in USDA; to Agriculture and Forestry Committee (p. 8876).
15. SOIL CONSERVATION. S. 2368, by Sen. Aiken, to amend Sec. 8 (e) of the Soil Conservation and Domestic Allotment Act; to Agriculture and Forestry Committee (p. 8876).

BILLS APPROVED BY THE PRESIDENT

16. REORGANIZATION. S. 106, to establish a Commission on Organization of the Executive Branch. Approved July 10 (Public Law 108).
S. 1514, to establish a Commission on Intergovernmental Relations. Approved July 10, 1953 (Public Law 109).
17. FLAG. S. 694, to prohibit display of flags of international organizations or other nations in equal or superior prominence or honor to the U. S. flag except under specified circumstances. Approved July 9, 1953 (Public Law 107).

percent. But we made Germany pay 33½ percent, or 34 or 35 percent. I do not say we should not have made her pay it. Perhaps we should have done so. But that is the situation.

I have always thought that a monumental mistake made by our Government in World War II was the unwarranted assumption that because the Russians professed humanitarian principles, they were Democrats somewhat after our fashion, whereas they were not at all.

Another great mistake which we made, and which we are almost chargeable with primarily, was to destroy—I care not how we look at it—two great producing countries in the world outside our own continent, Germany and Japan, thereby creating a vacuum into which inevitably any nearby selfish, aggressive power would rush. But, at any rate, the post-war obligations were not debts that Germany contracted, except in the same way that the United Kingdom, France, and Italy contracted them.

Of the post-war obligations, Great Britain is paying 13 percent, France 8 percent, and Italy only 10 percent. Yet we say Germany has gotten off too lightly because she is paying 33½ percent, or approximately that.

The distinguished Senator from Iowa reminded me a few minutes ago that Germany was our former enemy. So she was. I do not hold the statement against him at all, but I had always thought that when we laid down the sword and dealt honorably with a vanquished people, we dealt with them on the same basis on which we dealt with all free people.

Mr. GILLETTE. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. GILLETTE. The distinguished Senator from Georgia referred to the Senator from Iowa. Will the Senator yield for a question?

Mr. GEORGE. Yes; I shall be glad to yield, but I wish to finish what I am saying. I shall be brief.

Mr. GILLETTE. I merely wished to ask one question.

Mr. GEORGE. Very well.

Mr. GILLETTE. The Senator referred a while ago to the parallel of a bankruptcy court or a bankrupt debtor. Does the Senator know of any situation in a bankruptcy court or any other court in which creditors who did not have preferred status, such as by the holding of mortgages, or instruments of that kind, were not treated exactly alike in the distribution of assets?

Mr. GEORGE. There are always preferences in bankruptcy.

Mr. GILLETTE. Yes; preferences based on the holdings of securities or other evidences of debt.

Mr. GEORGE. But here is a preference for the purpose of getting Germany back on her feet. I shall reach that point in a moment, if the Senator will permit me to do so.

Mr. GILLETTE. Of course.

Mr. GEORGE. There is no legal preference. I read from Mr. Riddleberger's testimony:

I don't know that this Government has ever taken the position that because we

made a grant to, let us say, a recipient country under the Marshall plan that we would say that the private debt could not be repaid because that assistance was granted.

What you say, sir, is entirely true. We have written down the postwar aid claim approximately two-thirds, and that is done in order, shall I say, to make possible the reestablishment of the credit, normal credit, of Germany and fully recognizing that in this case the Government was making a considerable sacrifice, we attempted to do it so that it would be in line with other settlements that are made with the Marshall plan recipients, but we do not for a moment deny that there has been this large reduction in the postwar aid claim.

I call especial attention to the following:

Before we undertook this negotiation, the principles of it, as I recall, were explained in some detail to, I think, this committee—

He was speaking of the Committee on Foreign Relations, and I think in that respect his recollection is correct—

we had, of course, the approval of the National Advisory Council, and may I say that if there is to be any attempt to reestablish the normal credit relationship of Germany anywhere throughout the world, then a settlement of the prewar external debt was in our opinion essential.

As we stand today, German foreign trade cannot be financed in what you would call the normal channels of bank credit. It has to be financed from the reserve of the German Central Bank, and we hope with the restoration of the normal trade and credit fabric, that Germany can return to a state which will enable it once more to not call upon us for aid, but be able to stand on its own feet.

I shall not read any further, but that testimony certainly shows the purpose and intent of Mr. Riddleberger in arriving at this adjustment.

Mr. GILLETTE. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. GILLETTE. I shall repeat my question. Does the Senator know of any method in a bankruptcy court or any other court by which a preferred status may be granted to creditors with respect to amounts they shall receive on obligations they hold?

Mr. GEORGE. No, I do not.

Mr. GILLETTE. Does the Senator think a preferred status should be granted in this case?

Mr. GEORGE. Yes, I think it should be granted, and I will tell the Senator why.

Mr. GILLETTE. The Senator has made a clear statement.

Mr. GEORGE. Now we have an understanding. If it were not for the cloud which has been drifting around over our minds today, as to whether or not bondholders were bona fide bondholders, whether or not the security holders were honest security holders, and whether or not they paid value for their securities, there would not be any question before us.

I do not know whether the holders paid full value. I do know that under any agreement entered into between the United States and Germany, no security that was owned outside of Germany in January 1945, before the fall of Germany, could be paid, could be validated

for payment, or would be paid, unless it appeared there was bona fide ownership and that the security was kept inside old Germany.

There is the point. That is the step that has been taken. It would be reasonably effective against most securities which may not have been traded between person and person. As to that, no one can give any assurance.

If the distinguished Senator from Iowa will kindly give me his attention, I will state precisely why I believe there should be a distinction between an individual security holder and the Government. Assume the security holder is an honest purchaser for value. Assume the debtor cannot pay his total debt without bankrupting himself and impairing his usefulness in the sisterhood of states and nations. Assuming those points, why should not the Government pay in full? Why should not all taxpayers stand the loss? Do we want individuals to take the loss, and to allow taxpayers as a whole to be relieved?

As a matter of plain equity, the thing to do in that sort of situation would be to say, "We will relieve the individuals. We will let the Government pay them."

It will be necessary to pay the individual security holders, if the credit of Germany is to be reestablished. Germany will have no credit in the commercial world so long as her securities are scattered all over the earth and are not honored. In such circumstances she will never get back on her feet.

We now have a plain case in which all American taxpayers equally, and ratably to the taxpayers, can put their shoulds under this debt, just as funds were voted from the United States Treasury for the Marshall plan, ECA, Mutual Security, and the other plans in which the United States participated. Such funds constitute an obligation of the whole body of taxpayers. But if the individual creditors are honest and just creditors, if they have given value for their securities, and if they hold them, they ought to be paid.

They ought to be paid for another reason. The primary purpose of the whole transaction with Germany in the postwar period was to get her back on her feet, to make it possible for her to take her place in the sisterhood of nations, to make it possible for her to bring her great productive capacity and genius to bear in the formation of a Western Europe that could stand up against the aggressor. We are merely wasting our time when we undertake to set up the defense of Western Europe without Germany. We all know that to be true. So the primary purpose of this whole postwar advance to Germany was to get her back on her feet. Now we have said to her, "You are going to pay us 33½ percent of what we have advanced to you. The United Kingdom is going to get a bill for only 13 percent of what we let her have. France is going to get a bill for only 8 percent of what we let her have. Italy is going to get a bill for only 10 percent of what we let her have."

That is the case, Mr. President. Do we want to indulge in speculation about who owns these bonds, and how they were

obtained? So far as I can see, the best validating procedure has been provided to take care of any stolen securities which might come back into the market when they are again admitted to trade. If we are to speculate on that subject, of course there is nothing I can say about it. The only thing I can say is that, assuming that for the most part these are honest obligations and that they are justly held by members of the American public, the fact is that we, as all the taxpayers, should take our part of that post-war loss in order to enable Germany to settle up more than \$1,600,000,000 owed externally. I do not own a German bond, and never have. Perhaps other Senators do not. It is absolutely necessary, if Germany is to get on her feet, that this agreement be ratified.

So far as I am concerned, I want Germany on her feet. So far as I am concerned, I want to see that nation back in a position to stand against any aggressor in Europe. If we destroy this agreement, if we send it back in the face of the approaching German elections, we might as well kiss Western Germany goodbye so far as the EDC organization is concerned.

Mr. KNOWLAND. Mr. President, I understand there is a message at the desk from the House of Representatives. I ask unanimous consent that, as in legislative session, it be laid before the Senate.

The PRESIDING OFFICER. The Chair lays the message before the Senate.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, its reading clerk, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5710) to amend further the Mutual Security Act of 1951, as amended, and for other purposes.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (H. R. 6054) to amend the act of April 6, 1949, to provide for additional emergency assistance to farmers and stockmen, and for other purposes, and it was signed by the Vice President.

MUTUAL SECURITY ACT OF 1951, AS AMENDED—CONFERENCE REPORT

Mr. KNOWLAND. Mr. President, I ask unanimous consent that, as in legislative session, the Senator from Wisconsin [Mr. WILEY] be permitted to submit the conference report on House bill 5710, to amend further the Mutual Security Act of 1951, as amended, and for other purposes.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. WILEY. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Sen-

ate to the bill (H. R. 5710) to amend further the Mutual Security Act of 1951, as amended, and for other purposes.

The PRESIDING OFFICER (Mr. COOPER in the chair). The report will be read for the information of the Senate.

The report was read by the legislative clerk.

(For conference report, see CONGRESSIONAL RECORD of July 10, 1953, pp. 8720-8733.)

Mr. WILEY. Mr. President, I ask unanimous consent for the present consideration of the conference report, as in legislative session.

The PRESIDING OFFICER. Is there objection to the present consideration of the conference report, as in legislative session?

There being no objection, the Senate proceeded to consider the report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

Mr. WILEY. Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a statement which I have prepared on the mutual security conference report.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR WILEY ON MUTUAL SECURITY CONFERENCE REPORT

At this time I would like to submit to the Senate a report on the deliberations of the Senate and House conferees on the Mutual Security Act of 1953. The conferees worked diligently for a period of 4 days. I am confident that the results will not win the approval of every Member of the Senate in every respect. That is too much to expect. But the conferees did, in my opinion, hammer out satisfactory compromises for a number of very difficult problems. The net result is a workable bill which merits the support of the Senate.

The conference report contains a total dollar authorization of not to exceed \$5,157,232,500. That is \$161,500,000 less than was in the Senate bill and \$158,500,000 more than was in the House bill.

The conferees split the major items of difference 50-50. On the smaller items, the Senate agreed to the House figure of \$9 million for international children's welfare (as against \$13 million in the Senate bill), and the House agreed to the Senate figure of \$1,825,000 for payment of ocean freight charges on relief shipments (as against \$825,000 in the House bill). In both cases, the conference agreement conforms to the administration requests.

The other major points of difference were settled as follows:

European Defense Community: The House bill provided that 50 percent of the funds authorized for military assistance to Europe could be made available only to the European Defense Community. The Senate bill authorized the President, in his discretion, to withhold up to \$1 billion until the treaty establishing EDC comes into effect.

The conferees agreed on a provision allocating 50 percent of the funds to the EDC, or to countries which become members of it, "unless the Congress, up the recommendation of the President, shall hereafter otherwise provide." The conference provision does not require the President to wait until EDC is created, but will allow him to go ahead and use the money for the procurement of military supplies and equipment,

although the goods cannot be delivered unless the EDC has come into being in the meantime. Because of the timelag between the authorization of funds and the delivery of goods paid for with those funds, the conference provision will have little practical effect until late 1954 or early 1955. In the meantime, the Congress and the President can review the situation in the light of then-existing circumstances.

Surplus agricultural commodities: The House bill expressed the intent of Congress that surplus commodities be substituted for other economic assistance wherever feasible. The Senate bill contained an amendment offered on the floor by the senior Senator from Arkansas [Mr. McCLLELLAN] providing for the use of military assistance funds to finance the export of surplus commodities for local currency which, in turn, would be used for military procurement.

The conferees agreed on an amendment which provides that between \$100 million and \$250 million of the funds authorized in the bill shall be used to finance the purchase of surplus agricultural commodities. The amendment authorizes the President to negotiate agreements with friendly countries for the sale of these commodities for local currencies which he may then use to carry out the purposes of the Mutual Security Act.

Transfers of funds: The House bill allowed up to 10 percent of the funds authorized in the bill (excluding unexpended balances) to be transferred between specified areas and purposes. The Senate bill allowed a general transferability up to 15 percent, including unexpended balances.

The conferees agreed on a provision allowing a 10 percent transferability between specified areas and purposes and including unexpended balances. The effect is to make the transfer authority somewhat broader than in the House bill and somewhat narrower than in the Senate bill.

Guaranties: The House bill amended existing law relating to guaranties of private American investments abroad in three respects: (1) The operation of the guaranty program, which is limited by existing law to countries for which United States assistance is authorized, was extended to any country with which the United States has agreed to institute the program. (2) The term of the guaranties, which under existing law is 14 years from the date of passage of the Economic Cooperation Act of 1948, was extended to 20 years from the date of issuance of the guaranty. (3) Coverage of the guaranties, which under existing law is limited to convertibility of currency, expropriation, and confiscation, was extended to include losses from war, revolution, or civil disorder.

The Senate bill contained no provisions about guaranties.

The conferees agreed to the House provisions for operation of the guaranty program in any country with which an agreement is reached and for extension of the term to 20 years. The section extending coverage to losses from war, revolution, and civil disorder was dropped from the bill at the insistence of the Senate conferees.

Termination of program: Under existing law, the Mutual Security Act expires June 30, 1954, and must be liquidated by June 30, 1955. The House bill extended the liquidation period to June 30, 1956. The Senate bill extended the act to June 30, 1955, and extended the liquidation period for economic assistance to June 30, 1956, and for military assistance to June 30, 1957.

The conferees agreed to the House date for expiration of the act and the Senate dates for liquidation of the program. As the report of the House managers points out, the 1954 date was agreed to, not because the conferees believed that all forms of assistance to other countries would be brought

to an end next year, but rather because they felt that a basic overhauling of legislation dealing with foreign aid is necessary before that date.

Use of local currency: The House bill authorized an additional appropriation of \$98,296,000, which is the amount of local currency our Government plans to use abroad in connection with the administration of the program. The Senate bill did not contain this provision. The House conferees insisted, and the Senate conferees receded, in view of the fact that the local currency authorization does not represent a dollar charge on the United States Treasury.

In regard to other sections of the bill, the House conferees agreed to deletion of the section of the House bill calling for negotiation of a Pacific Pact and to acceptance of the section of the Senate bill encouraging free private enterprise and free trade unions. The Senate conferees agreed to deletion of the section of the Senate bill limiting the use of funds for housing and to acceptance of the section of the House bill calling for a survey of the Near East refugee situation. The Senate agreed to the House provision for a 10-percent cut in mutual-security personnel, and the House agreed to the Senate provision exempting civilian, as well as military, personnel in new military-assistance programs from the personnel ceilings.

The other differences between the two Houses were of a more minor nature. I wish to emphasize that the conference report is signed by all the conferees of both the House and the Senate.

This bill represents an extremely important step forward in our determined effort to convince both our friends and our enemies that the forces of freedom must prevail in the world. The House has already given its approval. I hope we can send it to the President for his signature without further delay.

Mr. McCLELLAN. Mr. President, before we leave the subject of the conference report, I should like to ask the distinguished Senator from Wisconsin for an explanation of the provision which was substituted for the amendment, which the Senate agreed to, with respect to the disposal of some of our surplus agricultural commodities by the conversion of dollars into the currencies of foreign countries.

Mr. WILEY. Mr. President, the conferees battled for about 3 days. Half the time was taken up in discussing the amendment referred to by the Senator from Arkansas. In the statement which I have submitted on the conference report the following language appears:

Surplus agricultural commodities: The House bill expressed the intent of Congress that surplus commodities be substituted for other economic assistance wherever feasible. The Senate bill contained an amendment offered on the floor by the senior Senator from Arkansas (Mr. McCLELLAN) providing for the use of military-assistance funds to finance the export of surplus commodities for local currency which, in turn, would be used for military procurement.

The conferees agreed on an amendment which provides that between \$100 million and \$250 million of the funds authorized in the bill shall be used to finance the purchase of surplus agricultural commodities. The amendment authorizes the President to negotiate agreements with friendly countries for the sale of these commodities for local currencies which he may then use to carry out the purposes of the Mutual Security Act.

Mr. McCLELLAN. As I understand the effect of that amendment is that the surplus commodities, under the amend-

ment adopted by the conferees, will come out of the stock of surplus commodities now owned by the Commodity Credit Corporation, and not out of the channels of private trade. Is that correct?

Mr. WILEY. I am informed that they might come either directly or indirectly from that source.

Mr. McCLELLAN. It would be in the discretion of the President in working out these arrangements.

Mr. WILEY. That is correct.

Mr. McCLELLAN. Then it will be possible to carry out the original purpose of the amendment which I offered, and which the Senate adopted, if the President will exercise the authority which is granted him by the amendment which the conferees agreed to.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. WILEY. I yield.

Mr. KNOWLAND. Is it not substantially a fact that it makes very little difference which way it is done, because if these commodities come out of stocks held by the Commodity Credit Corporation, for example, the Commodity Credit Corporation will then be in a position to take on more agricultural products. So there is very little difference in the overall agricultural picture.

Mr. McCLELLAN. That is probably true; but what we should do, insofar as we can, is to encourage the resumption of normal trade through normal channels. I am not saying that it should come out of surplus stocks that we may have on hand, but if it leaves the way open for the President to negotiate an arrangement whereby it can still come out of private trade in regular trade channels, I am glad to know it.

Mr. WILEY. If the Senator will look at section 550 he will find it provides that the President shall take special precaution to safeguard against the substitution or displacement of usual marketings of the United States or friendly countries, and to assure to the maximum extent practicable that sales prices of such commodities are consistent with maximum world market prices of like commodities of similar quality, and so forth. The section also provides that private trade channels shall be used to the maximum extent practicable.

I believe that answers the question of the Senator from Arkansas.

Mr. McCLELLAN. I wanted to be sure that that principle is preserved so far as is practicable.

I note that a number of different uses may be made of the currencies we acquire in exchange, whereas the amendment which was sponsored by me provided only that they should be used for procuring offshore purchases of military supplies in the country issuing the currency. Is that correct?

Mr. WILEY. Yes. If the Senator will refer to the same section he will find that it specifies 4 or 5 activities.

Mr. McCLELLAN. I believe there are six.

Mr. WILEY. Six different activities for which the money can be used.

Mr. McCLELLAN. It is to some extent watered down.

Mr. WILEY. Or watered up.

Mr. McCLELLAN. I believe it is watered down. For instance, the currencies can be loaned back to the issuing country, and we know from experience that most loans are nothing but gifts. Unless sound discretion is used with respect to the various provisions as to how the funds may be used, and our interest is given paramount consideration, those currencies can be used and disposed of so they will actually not return any benefit to our country, other than the giving away of mutual aid.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. McCLELLAN. I yield.

Mr. KNOWLAND. I believe the distinguished Senator from Arkansas is not quite correct in that regard. I should not like to have his statement to stand in the RECORD without my saying, to the contrary, that the language worked out by the conferees had very much in mind that we wanted to make certain there was an opportunity for the Government at least to get in exchange material which would be helpful and of value to the American people:

(1) for providing military assistance to countries or mutual defense organizations eligible to receive assistance under this act;

(2) for purchase of goods or services in friendly countries;

(3) for loans, under applicable provisions of this act, to increase production or goods or services, including strategic materials, needed in any country with which an agreement was negotiated, or in other friendly countries, with the authority to use currencies received in repayment for the purposes stated in this section or for deposit to the general account of the Treasury of the United States;

(4) for developing new markets on a mutually beneficial basis;

(5) for grants-in-aid to increase production for domestic needs in friendly countries;

(6) for purchasing materials for United States stockpiles.

Mr. McCLELLAN. I understand. It seems to be that No. 5 is another give-away proposition.

Mr. KNOWLAND. Except I am sure the Senator understands it is surrounded with certain limitations, so the minimum amount that can be used is \$100 million and the maximum amount is \$250 million. It is circumscribed within those limitations.

Mr. McCLELLAN. That is correct. I am not critical of the conferees. I realize they had a difficult task, probably, in working out an agreement. I hope that it means we have in the bill a start and a tangible effort toward stopping complete giveaways and an effort to try to reestablish trade and commerce between us and other countries, so we will provide aid to our friends by trade, not aid by gifts.

Mr. CASE. Mr. President, I desire to ask a question of the chairman of the Committee on Foreign Relations.

Mr. WILEY. I shall be glad to answer the Senator's question, if I can.

Mr. CASE. During the consideration of the McClellan amendment, or when it was being discussed before it was formally presented, the junior Senator from South Dakota suggested that following the words "surplus agricultural commodities" there be inserted the

words "livestock, meat, and meat products." The Senator from Arkansas incorporated that language in his amendment, and the McClellan amendment was adopted in that form. I note on page 9 of the conference report, in section 550 the words "surplus agricultural commodities, or products thereof." Apparently the conferees substituted the words "or products thereof" following the words "surplus agricultural commodities" for the words which were included in the McClellan amendment, namely, livestock, meat, and meat products."

Clearly the language used has eliminated the term "livestock." So, the Senator from South Dakota would like to ask the chairman of the conference committee whether it would be his interpretation that the words "or products thereof" following the words "surplus agricultural commodities" would include meat and meat products.

Mr. WILEY. My recollection of the discussion on that point is rather vague. So much was said in 3 days I am not clear in my recollection.

Mr. GEORGE. If the Senator will permit me, I should like to say that we were told that meat and meat products would be included. They said they were actually already furnishing lard and oil and certain meat products.

Mr. CASE. Canned meats and gravies.

Mr. GEORGE. Yes. That is my understanding.

Mr. KNOWLAND. Mr. President, as one of the conferees, I will say, for what it may be worth, that the language is sufficiently broad to cover meat and meat products as an agricultural commodity.

Mr. CASE. I appreciate the contribution which has been made by the remarks of the chairman of the conference committee, by the Senator from Georgia, the ranking minority member of the Committee on Foreign Relations, and by the acting majority leader. Their statements, made here in direct answer to my question, should provide the interpretation which will guide the administrators of the act. I thank the Senators for their contribution.

AGREEMENT ON GERMAN EXTERNAL DEBTS

The Senate resumed the consideration of the agreement on German external debts, signed at London on February 27, 1953, by the Federal Republic of Germany, and by the United States and 17 other creditor countries.

Mr. MORSE. Mr. President, I wish briefly to make a few comments on some of the observations of the distinguished Senator from Georgia [Mr. GEORGE]. I always wait for his discussion of any foreign policy issue, because most of the time I find myself in complete agreement with him. The record is perfectly clear on that point. I believe I have given him my support, he being one of the giants of the Senate in the field of foreign policy. I believe I have given him my support and have followed his leadership in more than 90 percent of

all foreign-policy issues during the past 8 years.

I wish I could follow him in his argument tonight. With some of the statements he has made I find myself in agreement, but certain arguments he has made and certain premises he has laid down I cannot accept, and I intend to vote against the proposed agreement. I wish briefly to outline my reasons.

In the first place, it is important that we keep in mind the fact that we are dealing with a presidential matter. It was brought out in the debate this afternoon that the State Department was unable, through its witnesses, to cite a single precedent for the procedure of settling private claims via treaty. I am not in favor of establishing such a precedent. That fact leads me to comment on one principle the Senator from Georgia laid down with which I do not agree.

When it comes to the interests of the American taxpayers versus the foreign investments of American investors, who made their investment on their own initiative by their own decision, with no arrangement between them and the Government, I take the position that the American taxpayers' flag should not follow the investors. I take the position that the investors in what now are wallpaper securities, pre-Hitler securities, should not have the aid of the United States Government through its treaty-making functions to take that wallpaper off the wall and pay them for it. That is what this proposal amounts to. In the last analysis this payment is not at all to be made by Germany, but is to be made by the United States. I believe that is morally wrong. I see no reason why, in connection with these negotiations, any consideration should have been given, at the expense of the United States taxpayers, to the private, pre-Hitler United States investors.

Let me point out that some of the pre-Hitler investments made by foreign countries in Germany were not very good for the United States.

So on that principle I do not follow the Senator from Georgia when he says that as between the United States taxpayers and these investors, the interest of the investors comes first. My point is that on the basis of those dealings, the interest of the United States taxpayers should come first.

Another assumption made by the Senator from Georgia, which I am not able to follow, is regarding the entire question of what consideration should be given, comparatively speaking, to the fiscal problems of a former enemy and the fiscal problems of an ally. I certainly agree with the Senator from Georgia that two tragic mistakes, among others, have been made by us in the field of foreign policy. One has been the assumption that Russia has been an ally. Mr. President, Russia never was our ally at any time, either before the war or during the war. I have consistently taken that position regarding United States relations with Russia.

I also agree with the Senator from Georgia that another of the tragic mistakes we made was when we went along

with a program which materially weakened the economic productive power of Germany and of Japan, with the result that now we find a serious threat existing in Western Germany and even in Asia at the present time.

However, Mr. President, we do not solve that problem simply by laying down that premise, because it does not follow that when we sheathe the sword—and I believe this implication is inherent as a result of the position taken by the Senator from Georgia—then we should treat a former enemy and a former ally on the same basis. If we begin to follow that principle, we provide no deterrent to making war.

To illustrate my point of view in that respect, I point out—and, of course in this connection I am exaggerating, although we certainly need to give consideration to the suggestion—that the attitude we are taking regarding the entire question of the financial settlements in connection with the war is such that many persons in the United States believe that, after all, the taxpayers of the United States are paying almost the entire bill. Of course, that is an exaggeration, but it illustrates the point.

Mr. President, the American people have a right to expect their Government to take the position that a former enemy should be expected to discover the reality that war is very costly to the country that wages war. Certainly it should be more costly to Germany than to the taxpayers of the United States. Sometimes I question whether that is the case, in view of the financial policy we are following in the field of foreign relations.

So I say that when we laid down the sword, we had the right to look to Germany and to other enemies—from the standpoint of the reparations aspect, so far as concerns paying part of the bill—to relieve the taxpayers of the United States from some of the large load which I think the taxpayers of the United States are assuming.

In my opinion that question is not answered by a statement, "Well, we are letting Britain get off with approximately 13 percent, and France with 8 percent, and Russia with 10 percent." Such a statement does not answer the question, because that attitude also involves the consideration of how much Britain is collecting from Germany and how much France and other European nations are collecting from Germany, by way of various financial adjustments or arrangements which, after all, amount to a form of reparations. There again we find the United States taxpayers at a disadvantage.

I say the entire question of this agreement or treaty should be considered primarily from the point of view of whether it is fair to the United States taxpayers.

The Senator from Georgia has not submitted from the State Department anything which in any way modifies what the Senator from Iowa said about what was under consideration when the first governmental settlement was negotiated, before the settlement of the private investments was negotiated. I say that

the effect of scuttling and destroying the effectiveness of this antidumping section?

Mr. BYRNES of Wisconsin. It could have, although this is a little different from the antidumping section. That is another section.

Let me make this point: The adoption of this amendment would be like saying to all the countries of the world that in approving the use of multiple-currency rates and other forms of currency manipulation. That is the thing we have been trying in our foreign policy to avoid. We have been trying to encourage stability in the currencies among the foreign countries. This says, oh, no, if you have a problem as far as exports are concerned, all you need do to overcome an American tariff rate or duty is to set up a system of multiple-currency rates or provide a subsidy on exports to the United States.

I trust the amendment will be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. REED].

The amendment was rejected.

The CHAIRMAN. Does the gentleman from New York have any further amendments?

Mr. REED of New York. I have no further amendments.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. CHENOWETH, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 5877) to amend certain administrative provisions of the Tariff Act of 1930 and related laws, and for other purposes, pursuant to House Resolution 327, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed and a motion to reconsider was laid on the table.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Ast, one of its clerks, announced that the Senate insists upon its amendments to the bill (H. R. 5451) entitled "An act to amend the wheat marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. AIKEN, Mr. YOUNG, Mr. THYE, Mr. ELLENDER, and Mr. HOLLAND to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 6054) entitled "An act to amend the act of April 6, 1949, to provide for additional emergency assistance to farmers and stockmen, and for other purposes."

GENERAL LEAVE TO EXTEND

Mr. REED of New York. Mr. Speaker, I ask unanimous consent that all Members be granted 5 legislative days in which to revise and extend their remarks on the bill H. R. 5877.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

SPECIAL ORDER GRANTED

(Mr. SAYLOR asked and was given permission to address the House today for 20 minutes, following any special orders heretofore entered.)

MUTUAL SECURITY ACT OF 1953

Mr. VORYS. Mr. Speaker, I call up the conference report on the bill (H. R. 5710) to amend further the Mutual Security Act of 1951, as amended, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The Clerk proceeded to read the statement.

Mr. VORYS. Mr. Speaker, due to the fact that the conference report and the statement of the managers on the part of the House is in printed form and available to the Members, I ask unanimous consent that the further reading of the statement be dispensed with.

Mr. HOFFMAN of Michigan. Reserving the right to object, Mr. Speaker, can the gentleman tell me what percentage of the amount that is authorized by this bill will be met by the excess-profits tax we put through last week?

Mr. VORYS. I will try to work on that. I cannot figure it right now.

Mr. HOFFMAN of Michigan. I thank the gentleman.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

(For conference report and statement, see proceedings of the House of July 10, 1953.)

Mr. VORYS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on this report, immediately preceding the ordering of the previous question.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. VORYS. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, the conference report does not differ materially from the bill

which went from the House because the two bills were quite alike in principle. There were no great differences between them.

Out of 30 items that were in dispute, the House receded on 9, the Senate on 11, and 10 were compromised.

As to the differences in the various limitations on amounts to be authorized, the conference report roughly splits the difference between the two Houses. We had \$4.9 billion, the Senate had \$5.3 billion. The conference report is \$5.1 billion. We went up \$158.5 million, they came down \$161.5 million. Therefore they cut their amount \$3 million more than we increased ours. The conference report is \$2.5 billion, or 33 percent, less than the Truman budget request for the fiscal year 1954, and \$670 million, or 11 percent, less than the original Eisenhower request.

On the matter of time, the Senate agreed to the House termination date of June 30, 1954. The House agreed to an extra year for liquidation deliveries of military equipment, up to June 30, 1957. The early termination date for the present law was agreed on, not because the conferees thought that all forms of assistance would finally terminate on that date, but because the conferees felt that the laws, policies, and administration for assistance should be overhauled and changed early next year, as proposed by the President.

As to transfers, there is great flexibility in the mutual security program through a series of authorizations for 10 percent transfers of funds from one title or purpose to another. The House bill provided less transferability than the administration requested. The Senate raised the administration's requested type of transfer authority from 10 percent to 15 percent, which amounted to a 50 percent increase in flexibility. The conferees agreed on 10 percent, on approximately the basis of the administration request.

The two most important conference actions involved the Judd amendment with reference to agricultural surpluses, and the Richards amendment involving EDC, the European army.

There was language in both bills talking about agricultural surpluses but not doing anything very effective about them. Mr. Judd worked out a constructive, workable position on this, going as far as the conferees were empowered to go within the limitations of the two bills in using agricultural surpluses for foreign aid and mutual security, and requiring a minimum of \$100 million in agricultural surpluses—the first time we have ever had a minimum for use of such surpluses—and a maximum of \$250 million to be used for such purposes.

He will describe this further in a few minutes, but I feel the House, the conferees, and the public owe him a debt of gratitude for his constructive statesmanship in contributing to the solution of this problem.

With reference to the Richards amendment, for the last 5 years our legislation having to do with foreign affairs has contained increasingly urgent and insistent statements of the need which

has become increasingly apparent and important; Europe must unite. The Richards amendment is the latest and the strongest of these declarations. It refers to the EDC, the European Army, the plan that Europe itself devised for bringing Germany peacefully into the defense of Europe, a great step toward integration which has been awaiting ratification for over a year. The Richards amendment provided that half of the military funds for Europe, which amounted to approximately the funds programed for the six EDC nations, should be available solely for the European Army. I did not vote for this amendment in committee because I felt it would be used by our enemies to discourage rather than encourage the achievement of the result we all desire. As it comes out of conference, however, with changes that the gentleman from South Carolina [Mr. RICHARDS] has accepted, I feel it will discourage no one except those who are opposed to the unification of Europe. It does not prevent or delay the procurement of equipment. Therefore, under our production schedules it will have no practical effect until after this equipment has been produced approximately 2 years from now. Meanwhile the Congress will have had two sessions to reconsider any recommendations of the President, as provided for in the amendment. Therefore, it does not tie the President's hands and it does not reverse any of his policies. It shows clearly, however, that while we have a long-time reliable interest in European unification, this must take place or else we reserve the right to do some rethinking based on presidential recommendations. This is an "or else" policy statement.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. VORYS. I yield.

Mr. GROSS. As to the termination date of this act, does the gentleman think the termination will be observed any more than it was under the old ECA and Marshall plan, which was supposed to expire in 1952?

Mr. VORYS. As I stated, the House conferees were under no illusions that the whole thing was going to end up about 11 months from now. We did feel, and we urged the other body, and they agreed, that if we put in the termination date of a year from now, that would make sure we would get the new framework of legislation that the administration has promised. It is my hope that this legislation in the future will be on a workable plan, based upon the use of our surpluses, planned to help our own economy, and based upon getting results, a plan that we can live with for a long time.

For some people, this bill is the beginning of the end of United States foreign aid. I think it is the end of the beginning. This beginning period has been marked by emergency bills for relief and recovery, stopgap and piecemeal improvising and temporizing with one crisis after another, and the practice has been never to repeal but always to add other measures on top, resulting in what President Eisenhower has called a

"patchwork of statutes." It is time this period ended.

The results of this ad hoc patchwork period have been better, net, in spite of its defects, than some of us realize. We have had no world war III, worldwide recovery has taken place, and vast revolutionary movements are developing behind the Iron Curtain which were stirred up, not by American propaganda or by American agents, but because those people saw the effect of our outpouring of military and economic aid on the economy and the morale of the countries where people are free. East Germans, bled white by their Soviet conquerors, have seen the results of the economic aid which we, the victors, have poured into West Germany. The people of Asia have seen the help we have given Japan. The result is that behind the Iron Curtain in Europe people are willing to struggle and die for the kind of freedom that they can see in the West, and in Korea, prisoners are willing to struggle and die rather than leave the kind of free world they have seen to return behind the Iron Curtain of the Orient.

We have achieved a great deal with our efforts; we must not let up at the very time they are beginning to bring about the results we sought. For the future, however, our efforts must be better planned, with no waste and extravagance, and with requirements that will bring about results—"or else."

We are coming into a period when we will want to export to the whole world. We want to finance exports however, not with grants, but with loans, repayable in imports of commodities we need, things that will help, not hurt, our own economy.

We are coming into a period when independence of free nations will have to involve interdependence of responsible nations. Freedom from tyranny does not mean freedom from responsibility for other nations any more than for ourselves. Independence from domination does not mean a license to do as they please, for all nations any more than for ourselves.

We are coming into a period that must involve mutual prosperity, and mutual responsibility along with mutual security. I believe that next year will see the end of the beginning of this new period.

Mr. CHIPERFIELD. Mr. Speaker, will the gentleman yield?

Mr. VORYS. I yield.

Mr. CHIPERFIELD. Mr. Speaker, first of all I wish to thank the managers on the part of the House for the splendid work they did in bringing to a successful conclusion the conference on H. R. 5710.

The industry and the knowledge of detail of the distinguished gentleman from Ohio, [Mr. VORYS] was the backbone of the conference on the House side.

The distinguished gentleman from Minnesota [Mr. Judd] did yeoman work in presenting a substitute amendment to the McClellan amendment and the Fulton amendment, which were designed to make maximum use of our sur-

plus agricultural products. I believe his substitute embodies the best provisions of both of these amendments and should not only help our own economy but be of great value to our friends who need this help. Incidentally, it is not a "give away" program.

The distinguished gentleman from South Carolina [Mr. RICHARDS] argued most forcefully for his amendment and the substance of it is retained in the bill. I am hopeful his desire to bring about an European Defense Community will be successful and that by his efforts it will be expedited.

The distinguished gentleman from Alabama [Mr. BATTLE] worked most diligently and approached the issues in a bipartisan manner. He attended every session although during the conference he became a proud father of a baby boy.

So far as the bill itself is concerned, we were able to reduce the Senate authorization by \$161,500,000 while only increasing the House authorization by \$158,500,000. So we had a little better than a 50-50 break so far as the conference was concerned.

We were able to retain the House version so far as termination date of the mutual-security program is concerned but did extend the time for liquidation for both military and economic items. So far as the military end items are concerned, there is a long lead time necessary after the actual contract is entered into and before actual deliveries can be made.

We retained the House version of only 10 percent transferability while the Senate had increased such transferability to 15 percent.

On the whole I feel the conference was very successful. Both the Senate and the House conferees were fair and a sound and workable bill has resulted.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. VORYS. I yield.

Mr. GROSS. I wonder if the gentleman would address himself to page 20 of the conference report to the guaranty provision and explain that briefly.

Mr. VORYS. The House had three provisions with reference to guaranties. We have had a guaranty program in this law for about 5 years. The House provisions extended the period of guaranties from 14 to 20 years to be more effective, made guaranties available over a larger area of countries, and also provided for guaranties against war or revolution. The other body objected to the last provision and struck that out. Otherwise, the guaranty provision is continued. Up to date there have been \$200 million authorized for guaranties. There have been \$120 million of that used. No money at all has had to be paid out to meet the industrial guaranties and about \$500,000 in premiums have been collected.

Mr. GROSS. What do you mean by guaranties? Are you guaranteeing to indemnify exporters or somebody? Whom are you guaranteeing something?

Mr. VORYS. There are rather elaborate provisions, which I cannot take time

now to explain. We have explained it each year for the 5 years it has been here in the law. We guarantee those who are exporting or providing equipment in accordance with the mutual-security program, against inconvertibility of funds and against seizure of their property by the governments of foreign countries. In general, that is what the guaranties are.

Mr. GROSS. As a matter of fact, then, there is \$200 million in this bill for that purpose; is that correct?

Mr. VORYS. No; there is only about \$80 million of unused authorization. The authorization was not increased this time.

Mr. GROSS. I am speaking of guaranties.

Mr. VORYS. On guaranties, there was no increase of the authorization. There is about \$80 million left of the \$200 million that has been available for that purpose.

Mr. GROSS. So then, as a matter of fact, within the past few weeks, in the House we have passed legislation to guarantee \$16 million or \$200 million on the same basis. That is correct, is it not?

Mr. VORYS. No; the gentleman is incorrect.

Mr. GROSS. We had a bill out of the Committee on Banking and Currency to do exactly the same thing.

Mr. VORYS. Not quite the same purpose; but the gentleman is correct that we have had an earlier bill of \$100 million this year for a somewhat similar purpose.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. In connection with the Richards amendment, which disturbs some of us, at least, with all due respect to my distinguished friend the gentleman from South Carolina [Mr. RICHARDS], as I understand, the form and substance of that amendment are contained in the conference report?

Mr. VORYS. As to what is form and what is substance, I leave that to the wisdom of the gentleman. The language is on the first page of the conference report.

The big difference is that, as the Richards amendment passed the House, it could have been interpreted to prevent the obligating or the use at all of about \$1 billion of this money until the EDC was in being. In conference it was made clear that procurement could go forward, but that the transfer of materials and equipment procured would be made to EDC, unless Congress provided otherwise, on recommendation of the President.

The SPEAKER. The time of the gentleman has expired.

Mr. McCORMACK. Will the gentleman yield himself 1 additional minute so that I may ask him a further question?

Mr. VORYS. I yield myself 1 additional minute, Mr. Speaker, and yield to the gentleman from Massachusetts.

Mr. McCORMACK. In other words, the language in the conference report

with reference to the Richards amendment in connection with money that may hereafter be appropriated for military assistance funds in connection with the European Defense Community, is that it can be used and obligated for weapons such as tanks, or anything else that can be produced; but unless the European Defense Community plan goes through, there has to be a further recommendation by the President and action by the Congress as to the disposal of the equipment; is that correct?

Mr. VORYS. That is correct. As a practical matter, before that time arrives, under the procurement plan, roughly a couple of years from now, Congress will have been in session at least twice.

Mr. McCORMACK. In other words, there is not a complete freezing of the money?

Mr. VORYS. Oh, no.

Mr. McCORMACK. So that the equipment can be produced, and if it is not used in one place it would be used in another place; it would be capable of use?

Mr. VORYS. That is correct, yes.

Mr. JAVITS. Mr. Speaker, will the gentleman yield?

The SPEAKER. The time of the gentleman from Ohio has expired.

Mr. VORYS. Mr. Speaker, I yield myself 1 additional minute and yield to the gentleman from New York [Mr. JAVITS].

Mr. JAVITS. Would the gentleman agree that the urgency of the European Defense Community was increased by the development in the Soviet Union regarding Beria, showing how unexpectedly things can drop upon us from the Soviet bloc rather than otherwise; and therefore there is every additional reason for emphasizing the fact that the European Defense Community should be created, under present circumstances. This is the real interpretation of current events, it makes this bill more rather than less urgent.

Mr. VORYS. I certainly think there is nothing that has happened to make Europe and ourselves slow down in this respect.

Mr. Speaker, I now yield 11 minutes to my friend from South Carolina, the very distinguished, independent and stubborn, but patriotic and beloved gentlemen [Mr. RICHARDS].

Mr. RICHARDS. Mr. Speaker, the conference report that we bring to you is, I think, a fair one. As has been said, the House bill authorized \$4,993,732,500. The Senate bill, or rather amendment, carried \$320 million more than the House bill. The agreement reduces the Senate bill \$161,500,000 and increases the House bill by \$158,500,000. The overall figure for military assistance is \$3,581,523,000 and \$934 million for mutual defense financing.

The basic materials program figure is \$7,500,000, which is one-half of the Senate figure. The Children's Fund figure is \$9 million, a reduction of \$4 million from the Senate authorization. The House figure for ocean freight of \$1 million was increased to the Senate figure of \$1,825,000.

So it will be readily seen that the conference agreement as to dollars and minor details came on a basis of give and take.

The real victory on the part of the House—and it was a major victory—was the retention of the substance of section 540 of the House bill, providing that approximately \$1 billion of military aid to Europe must go to the European Defense Community.

Your conferees think that we have done a good job for the House. We have fought hard for the House bill, have abandoned none of its principles, and take pride in unanimously presenting the report for your approval.

Now, I think it will be agreed by fair minds that our foreign policy has been and still is the containment of communism. It may further be agreed, I think, that there is no excuse for the authorizations in this conference report unless same further the objective of containment of communism. The whole basis of my support of this bill and report is that, if we are going to spend billions for defense, it would be foolish not to spend one-tenth of that to arm our friends—where our friends show cooperation and a will to defend themselves.

It has been said that the Congress has little or no say-so in shaping the foreign policy of the United States. Until a few years ago, even when the viewpoint of Congress was considered by the executive department, only the Senate was considered in the picture because of its treaty ratifying powers. Now things have changed and the House of Representatives is more and more being considered and more and more being consulted in this field because of the large sums that necessarily must be appropriated to implement foreign policy as enunciated by the Executive through foreign aid programs of different kinds. As a matter of fact, in recent years these programs have become so large that they have threatened the solvency of the United States. And therefore it behooves the Congress to take another look at our investment in mutual security abroad and to evaluate the returns on our investment.

Now, let us take a look at the controversial House EDC provision: The House bill provides \$2,079,689,870 for military assistance to Europe "of which not less than 50 percent shall be made available only for the organization referred to in clause (C) of section 2 (b)." This means that 50 percent shall be made available only for the European Defense Community. Here is where the House for the first time definitely, emphatically, and mandatorily asserts its voice in the shaping of our foreign policy. Outside of this provision, and the provision of the conference report which is substantially the same, you will find in neither the House nor the Senate bill a deviation or change in the general tenor of foreign aid legislation from 1948 to the present day.

It has been suggested to you by the honest, able, and distinguished gentleman from Ohio [Mr. VORYS] that the conference agreement is a watered-down version of the House position in regard

to this item. Begging the gentleman's pardon, may I say that he is utterly incorrect if he seeks to make such an impression. As a matter of fact, I challenge anyone to show me where the language of the conference report changes basically anything in section 540 of the original House bill.

It is true there is some change in verbiage, some shuffling of words, some rearrangement of phrases and clauses, but nevertheless, I assert that there is no new authority, new authorization, new delegation of power, no restriction, no increased elasticity, to this section of the House bill. In other words, the House provision remains, in substance, intact, and nothing can be done under this part of the conference report that cannot be done under the House provision.

Let there be no misunderstanding on the part of our European friends that the provision referred to means simply this: We are through with military aid to the six nations of the European Defense Community—France, Italy, Luxembourg, Belgium, the Netherlands, and Germany—except through EDC. Of this number, only Germany has ratified the treaty signed by all of these 6 nations and Germany unlike the 5 other signatories to the treaty, is powerless to form defense forces of her own, even in the face of the Russian threat on her very borders.

Now why is it so essential for these six nations to band together in a European Defense Community? The answer is simply this: United they could stand but divided they would fall in the face of an attack by Russia. Here in this small, compact group of nations you have 140 million people—well educated, traditionally patriotic, with great military leaders, strong industrially, with an economy restored by American aid, with the statesmen of every one of these countries publicly recognizing that the only adequate defense from aggression would be through unity, with a treaty to unify already signed over a year ago by each one of the nations; and the only thing wanting is the ratification by the parliaments of these countries. And yet it is being said everywhere in Europe now that EDC is dead. If it is dead, the ancient jealousies, rivalries, and competitions of Europe have killed it. If EDC is dead, then it is folly to continue to appropriate billions here to furnish arms for the individual countries where there is no will to bury past differences and unify. We could better use the money in other countries of Europe such as Turkey, Spain, and Germany where opposition to communism is determined; or use it to strengthen our own defense forces here and abroad.

Mr. Speaker, the United States, by solemn covenant, ratified practically unanimously by the Senate, is a member of the North Atlantic Treaty Organization. That organization is composed of practically every friendly nation in the Atlantic area.

Through that treaty we have bound ourselves to consider that an attack upon one is an attack upon all. That means that if any signatory to the treaty is attacked we are at war. To prevent that

war coming about, or to be ready if it does come about, we are contributing today to the defense of Europe over 250,000 of our own boys. In addition to that, we are contributing hundreds of our best fighting planes, many naval vessels, airfields, and hundreds of millions of dollars in other arms and services.

Furthermore, we have contributed to Europe \$14,633,000,000 in economic aid, of which EDC countries got 53 percent; and \$11,481,000,000 in military aid, of which EDC countries got 71 percent.

Can it be that many of our friends abroad, now balking at joining the European Defense Community, have come to the conclusion that it is not necessary for them to make the sacrifice and defend themselves when the rich and gullible United States will furnish the troops and stand the cost and fight the battle if it comes?

As the center and core of NATO defenses, the European Defense Community agreement was proposed by France in 1950, and, as I said, has been signed by every proposed member nation. But now France is in the forefront of those who draw back from taking the final step of ratification. It is said that France wants no rearming of Germany, even as a member of EDC. In view of past history, I can understand France's fears. But does not France realize that in view of the world menace from communism Germany must be allowed to rearm, and that it is better, far better, for that country to be rearmed as a partner in EDC than otherwise?

Now very military man who has appeared before our committee on the subject has testified that EDC, with Germany in it, is essential to the defense of Europe. General Bradley said it; General Ridgway said it. I am equally sure that President Eisenhower concurs in that viewpoint; in fact, he has said so.

Our former Secretary of State, Mr. Acheson, believed that. Our present Secretary of State, Mr. Dulles—and I have confidence in him—has urged and warned Europe about the necessity for the formation of this unified army and command. He has warned Europe on more than one occasion that it was going to be very hard to get Congress to go along unless something is done about EDC.

It is true that I have no information that either the President or Mr. Dulles favors this provision in the bill. Nevertheless, it is intended to help, rather than hinder, their negotiations on the subject. They are often told by foreign governments that they cannot agree to this or that because of the attitude of their parliaments. This bill strengthens the President's hand by giving the attitude of Congress in advance.

Does France or Italy or Belgium or The Netherlands or Luxembourg, or even Great Britain, which country not only stands aside from the EDC concept but also reportedly is lately pouring cold water on the idea, think that the United States, now carrying 90 percent of the load in Korea for U. N., with her sons stationed around the world, is going to keep troops in Europe indefinitely? Will not our friends agree that that is a job for Europe itself?

Before closing, Mr. Speaker, may I emphasize that there is no intention in this conference report to cast reflection upon the President or to question his supreme command in the field of general foreign policy. We are fortunate in having today as President of the United States a man who has a keen sense of world responsibility and mutual security. In addition to that, he was and is a great general who understands the limitations and capabilities of war-stricken Europe. This provision is not intended as an attempt by the Congress to usurp his powers. Rather it is a reminder to our European friends, and friends must speak frankly, that Congress must raise the money for this program and Congress thinks there must be an end somewhere to sending money to a Europe still bent on pursuing its traditional rivalries, hates and jealousies—a course that gave birth to two great world wars and left Europe desolate.

May I say that I have supported foreign aid and the mutual-security concept, economic and military, from its inception in 1948. I have not always agreed with the past administration or this administration in methods used to reach the desired goal. I have always felt that when we are furnishing the money we have a right to attach some conditions to the gift. And for several years I have supported language placed in every one of these aid bills urging that the economic and military unification of Europe is necessary if we are to succeed fully in our objective. Far be it from me to criticize Frenchmen, Britishers, Italians, Germans, or others for extreme nationalism. I think I understand the sufferings, the complexes, and doubts generated by war, destruction, and invasion. Thank God our spirits have never been withered by such experiences. But if the mutual-security ideal means anything, it means that we are willing to help those who have the will to help themselves. And those who really think must definitely come to the conclusion that money spent to help those who are not willing to help themselves in the long run is money wasted. So it behooves the United States to take another look and ponder whether it is worthwhile to spend additional millions, particularly in Europe, when the EDC countries will not take the steps to defend themselves which all military men say are essential. It may be that next year we will try another road in this worldwide stand against the greatest scourge ever to blight this earth.

It has been said by some that we must not put conditions to this aid to the EDC countries because they won't like it and because it will slow the attainment of our objective. I have no faith in that philosophy, particularly if other methods have failed. I fully recognize that the United States has no right to tell France, Italy, or any other nation what she must do in the field of foreign policy or common defense. On the other hand, it is equally true that foreign countries have no right to tell us what we must do with our money.

I reassert that if the United States Congress continues to appropriate billions upon billions to formulate mutual-

security and unified-defense plans, if she is to stretch her economy and invite bankruptcy by doing that, then it is the right, yes, even the duty, in protection of our own people and our military and economic security, to attach conditions to the gift if we feel that otherwise the money raised by the sweat of our people will not accomplish its purpose.

Mr. BATTLE. Mr. Speaker, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Alabama.

Mr. BATTLE. Is not the purpose of the gentleman's amendment to offer an incentive to those countries to get together militarily so that they can stop Russian aggression if they start a military invasion in Europe? There is no doubt in my mind that in substance there is no difference between this section of the report and the House bill itself. We have surrendered nothing there. May I say that I supported the gentleman's amendment in the House, in the committee, and in conference and I thoroughly believe it will help to overcome one of the things which has been most difficult for me; that is to continue to appropriate so much money overseas without the maximum results being obtained.

Mr. RICHARDS. The gentleman's support has been consistent and valuable. This is the first time that the Congress of the United States has put a mandatory provision in legislation in connection with the authorization of foreign-aid funds.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. Has the gentleman any knowledge as to the position of President Eisenhower or the administration relative to the provisions in the conference report?

Mr. RICHARDS. I personally have received no word from the President on the subject.

Mr. DORN of South Carolina. Mr. Speaker, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from South Carolina.

Mr. DORN of South Carolina. I happen to be one of those who has consistently, for the last 6 years, fought foreign aid in its various forms, but I want to compliment the distinguished chairman of my State delegation on this amendment. I think it is a wonderful amendment. It is what the American people want. They want this Congress to have some influence in foreign affairs and settle policy and to set up standards by concerning themselves with all of these billions of dollars that are being sent overseas. I think that is a very, very fine amendment. Europe certainly cannot defend itself unless there is unity, and in that unified organization Germany will have to participate.

Mr. RICHARDS. I appreciate my colleague's commendation.

Mr. O'KONSKI. Mr. Speaker, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Wisconsin.

Mr. O'KONSKI. I want to compliment the gentleman for the fine statement he has made. This is the first time the Committee on Foreign Affairs has shown any signs of intelligence. We said to Iran, "Unless you come to terms with Great Britain, you no longer get any aid from us." If we can lay that kind of a condition down on Iran, why can we not lay down the same condition on the EDC countries?

Mr. RICHARDS. I thank my friend.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Iowa.

Mr. GROSS. I think the Members of the House should be cognizant of the fact that this increases the authorization on the part of the House by \$158 million. And, I think the Members of the House should understand that the Committee on Post Office and Civil Service was bludgeoned into starting a hearing on the postal rate increase today. One hundred and fifty-eight million dollars would do much toward settling the increase in the first class postal rate bill.

Mr. RICHARDS. The gentleman is entitled to his views.

Mr. FULTON. Mr. Speaker, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Pennsylvania.

Mr. FULTON. Does this provision as now written in the conference report bring aid to individual countries if less than all of the members proposed in EDC become members of the organization?

Mr. RICHARDS. No, it does not; and I will tell you why. It does not, because by that method you would never get Germany in it because they have not signed a peace treaty.

Mr. FULTON. The other question is as to the time of membership. There was no provision in the conference report as to when they must become members. Can that be done at any time?

Mr. RICHARDS. That is up to those nations. The United States did not propose the EDC community. Europe proposed it, and France led. We did not tell them to, but we have applauded their action all along in foreign aid legislation and have tried to gently suggest that we could not continue to appropriate funds that would be of no avail.

Mr. FULTON. So in the conference report there is no time limit on membership in EDC?

Mr. RICHARDS. No.

The SPEAKER. The time of the gentleman from South Carolina has expired.

Mr. VORYS. Mr. Speaker, I yield 8 minutes to the gentleman from Minnesota [Mr. JUDD].

Mr. JUDD. Mr. Speaker, as one who in 1949 coauthored the forerunner of the present so-called Richards amendment, when we had the first Mutual Defense Assistance Act before us 4 years ago, I have felt all along that such a provision in our legislation would not hamper the President in the conduct of our foreign relations in Europe, but rather would back him up. I supported the same or similar proposals under the pre-

ceding President, and I believe the same applies to the present President of the United States.

It might be of interest to review the efforts this House has made to encourage and stimulate the unity in Europe which everyone, I think, of our principal leaders there has said is essential to success of our military assistance program. In the original MDAP Act of 1949, after much struggle in the Committee on Foreign Affairs and on the floor of the House, we finally wrote in a provision that made half of our military aid contingent upon the development of unified defense plans for Western Europe. The provision was rejected by the Senate, under White House pressure, but the final act did state that our assistance was to be "subject to agreements designed to assure that the assistance will be used to promote an integrated defense of the North Atlantic area—and to realize unified direction and control."

I remember the hours some of us spend trying to get stronger language, insisting on unity, and we finally agreed on that last phrase when our beloved former chairman, the gentleman from West Virginia [Mr. KEEL], came up with it. The least we could ask them to do was "to realize unified direction and effort" in developing and carrying out defense plans.

In 1950 we spoke of encouraging the "unification of Europe" and we wrote a sentence into the act instructing the President to terminate assistance under the act to any nation if he determined "that such nation is not making its full contribution through self-help and mutual assistance in all practicable forms to the common defense of the North Atlantic area." Needless to say, no assistance was terminated.

In 1951 the Congress accepted the objective I had urged from the beginning, namely, to "encourage the economic unification and political federation of Europe."

Last year we went still further. Let me read what we added to the purpose section of the Mutual Security Act of 1952:

The Congress welcomes the recent progress in political federation, military integration, and economic unification in Europe, and reaffirms its belief that the necessity of further vigorous efforts towards these ends as a means of building strength, establishing security, and preserving peace in the North Atlantic area. In order to provide further encouragement to such efforts, the Congress believes it essential that this act should be so administered as to support concrete measures for political federation, military integration, and economic unification in Europe.

Despite all those 4 years of words about the necessity and essentiality of vigorous efforts toward military integration, not much has actually been accomplished in that direction. The European Defense Community is still only on paper. Only one Parliament has ratified—Germany's. So in the modified Richards amendment, this parliament, the American Congress, has taken what we talked about last year, a concrete measure to encourage the objectives in Europe we have urged these 4 years.

The conference report provides that 50 percent of the military equipment and materials for Europe—or approximately \$1 billion worth—will be transferred to the European Defense Community, or the members thereof. If it does not come into being by the time the materials and equipment authorized in the act are ready to be delivered 2 years or more from now, and if the Congress has not, on the recommendation of the President, otherwise provided in its two sessions before that time, then the equipment and materials will not be delivered to the countries involved but will be used elsewhere, or by our own Armed Forces.

We urgently want the EDC to come into being. That is the only way free Europe can have real strength. We authorize an additional billion dollars' worth of military hardware to be earmarked for it just as soon as it becomes effective. That is not designed to weaken the hand of the President; it is designed to strengthen his hand.

Heretofore these governments have said they are for the EDC, but cannot get it through their parliaments. Hereafter our representatives, in dealing with the six European countries involved, will be able to say that they cannot get more from the American Congress without the military integration and unification which have been promised so long; but that, with such integration into a common defense, an additional \$1 billion worth of materials and equipment will become available to them.

I am convinced that this provision will not injure the President's capacity to deal flexibly and effectively with these other countries. If I thought it would weaken his influence and hamper his efforts, I would be against it. I believe it can prove helpful to have the Congress at last say in a firm, dignified way this which it might better have said a long time ago.

Now may I discuss the amendment dealing with the use of surplus agricultural products, to which the gentleman from Ohio [Mr. VORVY] has referred—the man who knows more about the details of our foreign-aid legislation than anyone else in the Government, in my opinion.

As you know, in the bill as passed by the House there was the so-called Fulton amendment, which stated that it was the intent of the Congress that surplus agricultural commodities be substituted for economic aid wherever feasible.

The Senate adopted an amendment by the senior Senator from Arkansas, Mr. McCLELLAN, which authorized a complicated arrangement whereby the funds appropriated for military assistance under this bill could be converted into local currencies of recipient countries—pounds, lire, francs, etc. The dollars those countries got would be spent by them in this country to buy surplus agricultural commodities which they needed; and their local currencies which we got in exchange for our dollars, would be used by us to buy military end items in their countries.

They would get dollars to spend in this country for farm products; we would get their pounds, francs, lire, to spend in their countries for military hardware.

We were told that the plan would be very difficult, if not almost impossible to administer.

Previously bills had been introduced in the House by the gentleman from Texas [Mr. BURLESON] and myself, and in the Senate by Senator SCHOEPPEL, of Kansas seeking to work out a program whereby we could use our surplus agricultural commodities as capital, if you wish, "to expand free world economies by promoting trade and increasing production in friendly nations." These are the long-term ways to deal with the problems presented by underproduction and underconsumption in other lands alongside our production of commodities in excess of our domestic needs.

While the Senate was considering this bill the President sent a message to Congress to the two Committees on Agriculture, requesting legislation authorizing him to grant surplus agricultural commodities to any friendly nation in order to meet famine or other urgent relief requirements of such nation. I understand the committees plan to hold hearings on the President's request.

Thus, the conference had before it a series of proposals, all dealings with one phase or another of the same general problems; how to use the surplus agricultural commodities which have been or must be bought and paid for by the Commodity Credit Corporation, in ways that will further the purposes of this act, assist friendly countries in need, help expand their economies, their production, their trade, and help promote the security of the free world and thereby our own proper interests.

The proposal submitted by the President was promptly thrown out on a point of order, although I was in favor of such legislation if properly limited and safeguarded. It was already beyond the scope of the conference committee whose sole job is to resolve differences between the House bill and the Senate bill. It involved use of additional commodities, which means additional appropriations. The conference has no authority to authorize additional appropriations. There was nothing like it in either bill, and a similar bill offered as an amendment by my colleague from Minnesota, Senator HUMPHREY, had been rejected by the Senate 54 to 12. Besides, the President already has broader authority to use up to \$20 million for aid of any sort he wants, to any one country, even an unfriendly country, if he determines such aid to be of direct importance to the security of the United States. I presume his offer of food to East Germany yesterday comes under that provision of existing law.

But, with considerable effort and with the help of the Mutual Security Agency, the Bureau of the Budget, the Agriculture Department, the State Department, and the Commodity Credit Corporation, we were able to work out this amendment which you find on page 9 of the conference report, section 706 (h), which I believe establishes a basically new, constructive, and sound policy for using agricultural surpluses in support of our foreign policy and a more prosperous world economy.

Let me give just an outline of its main provisions. It authorizes the President to use agricultural products that have already been bought or will have to be bought by the Commodity Credit Corporation, in lieu of dollars for providing both economic and military aid needed by friendly countries. The President must use these commodities in such a way as to increase production in other countries—agricultural, industrial, and otherwise; to expand trade between them and between them and ourselves; to produce expanding economies in such countries, an expanding world economy, and thereby expanding markets for United States products.

How will it do these things? First, it requires the President to use not less than \$100 million and not more than \$250 million to finance the purchase of our surplus farm commodities and, second, to sell them in friendly countries, accepting in payment the local currencies of those countries for the account of the United States.

Now, I doubt that he will be able to use \$250 million for this purpose because it is a self-limiting thing. It is not a giveaway. He is to sell these commodities and he can sell only where people will and can buy. That is the crux of the matter. I doubt that enough countries will buy them this first year to get up to \$250 million. But lest somebody be apprehensive, we wrote in that ceiling.

Second, it authorizes him, I repeat, to sell our surplus commodities in friendly countries for local currencies which are not convertible into dollars, and to deposit those currencies to the account of the United States.

Third, he is to use these local currencies to increase the security of the United States and to promote its foreign policy by giving military and economic and technical assistance to friendly countries. Some of the means are:

First. To provide military assistance to eligible countries or mutual-defense organizations.

Second. To purchase goods and services in such countries. It may be that a particular country A does not have the funds to buy something it needs from country B. We can use the local currency we obtain by selling grain to country B in that country or to buy commodities to furnish to country A. Or, we can use the currency to develop agriculture or industry in country B and then ship its products to country A to the extent that B does not need them.

Here is an example. India has textiles she wants to sell abroad. She needs our grain. We can sell her our grain for her Indian rupees with which we buy her Indian textiles, which we then use for the refugee Arabs in the camps in the Near East. Thereby we need to spend fewer dollars for relief of the refugees.

Again, we can use the currencies of some of these countries, received in payment for our surplus agricultural products, to pay the ocean freight in Greek ships or in Indian ships to ship grain to Pakistan.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. JUDD. I am sorry, I would like to finish my statement.

Mr. GROSS. I thought that the New England textile industry was having a bad time.

Mr. JUDD. It is, but the Arabs cannot buy New England textiles. Their currency, even if they had enough, will not be accepted by the New England textile manufacturer. Neither will the Bombay manufacturer accept their currency, but the Bombay producer of textiles will take Indian rupees which we receive in payment for our grain.

Mr. GROSS. Maybe the Egyptians or the Israelites can use them?

Mr. JUDD. If you can find countries that have dollars or currencies that can be converted into dollars, then our problem of granting aid or selling for local currencies will be lessened to that extent.

Mr. GROSS. Yes, but you are going to preclude that.

Mr. JUDD. No. The President sells our surpluses for local currency. With it he may purchase goods in that country or in other countries where the currency can be used, to provide commodities needed in that or other friendly countries which it is in our interest to aid.

Third. The local currency received in a country can be used for loans through regular banking channels or otherwise to increase production of goods and services needed in that country or in other friendly countries.

Fourth. It can be used to develop new markets on a mutually beneficial basis.

Fifth. It can be used for grants in aid to increase production for domestic needs in friendly countries.

Sixth, it can be used to purchase materials for United States stockpiles.

Let me stress the safeguards the amendment provides. First, the President cannot sell these products where it would mean the substitution or displacement of usual American market. It means additions to normal marketings.

Second, he may not sell them at less than maximum world prices prevailing for like commodities of similar quality. This, of course, is to avoid dumping.

Third, he must make sure the purchasing countries will not resell or transship to other countries without the specific approval of the President.

Here is an example of that. Japan's stability is important to our security. Japan has a food deficit. We have surplus wheat. We could send it to Japan, but the Japanese do not like to eat wheat. However, there is rice in Pakistan that the Pakistanis would like to sell in exchange for wheat which they prefer. So what happens is that by prior arrangement our aid to Japan in the form of wheat is shipped to Pakistan and Pakistan ships her rice to Japan. In that way Japan gets what she wants and Pakistan gets what she wants, and the United States helps both by one shipment of a surplus. But such resale can be arranged only with the approval of the President.

Fourth, to the maximum extent practicable, the President must use private trade channels in carrying out this program.

In summary, this amendment is an effort to help countries in need; to help them with the surpluses which exist in our own country; to help them expand their production and trade as a long-term way to deal with their shortages and our surpluses; and to use our surplus farm products, that are already paid for, as capital in lieu of dollars in the process of helping develop those countries which are underdeveloped in many respects.

Mr. FULTON. Mr. Speaker, will the gentleman yield?

Mr. JUDD. I yield to the gentleman from Pennsylvania.

Mr. FULTON. The question has come up on the use of agricultural surpluses in the program. In this previous fiscal year there was \$283.6 million worth of agricultural products used, surplus to this country. That was from July 1, 1952, through May 6, 1953.

As the gentleman will remember, I had an amendment that was adopted by the House saying that where feasible agricultural surpluses in this country could be substituted in order to increase the use of United States agricultural products in the program.

Mr. JUDD. I mentioned that at the beginning of my remarks.

Mr. FULTON. I notice in the conference report that there is a limitation on the maximum that may be used in section 550 (a) of \$250 million for surplus United States agricultural commodities.

Mr. JUDD. That is right.

Mr. FULTON. May I call this to the gentleman's attention? If \$283.6 million worth of surplus agricultural products were used in 10 months, that would mean \$330.9 million worth of agricultural products used in this foreign-aid program in the full fiscal year 1953, just expired.

I want to make sure that you are not putting a limitation of \$250 million on the use of these surplus commodities, which would reduce the amount almost one-third, below my amendment in the House, which said that wherever feasible, United States agricultural surpluses should be substituted where they could be used.

Mr. JUDD. Your figure covered grants. This amendment does not. We were told by the Department of Agriculture and other experts that they did not believe this program of selling for local currencies, as contrasted with grants, could possibly run to as much as \$250 million. They did not want a higher ceiling because they felt that if any larger amount of the total funds authorized in the bill were used to buy agricultural commodities, it would reduce too much the amount available for military hardware, the furnishing of which is the primary objective of the bill. Much of the military equipment and materials cannot be produced in adequate quantity in other countries and must come from the United States.

Mr. VORYS. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

The question as taken; and the Speaker announced that the "ayes" had it.

Mr. O'HARA of Minnesota. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. The Chair will count. [After counting.] One hundred and sixty-five are present, not a quorum.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 221 nays 109, not voting 101, as follows:

[Roll No. 89]

YEAS—221

Albert	Fulton	O'Neill
Alexander	Gamble	Osmer
Allen, Calif.	Garmatz	Ostertag
Allen, Ill.	Gary	Patman
Angell	Gathings	Pelly
Arends	George	Perkins
Aspinall	Goodwin	Pfost
Auchincloss	Gordon	Pilcher
Baker	Grant	Pillion
Bates	Gregory	Poage
Battle	Gubser	Polk
Bennett, Fla.	Hagen, Calif.	Preston
Blatnik	Hale	Price
Boggs	Haley	Priest
Boland	Halleck	Prouty
Bolling	Harden	Rabaut
Bolton	Harris	Rains
Frances P.	Harvey	Ray
Bolton	Hays, Ark.	Rayburn
Oliver P.	Herlong	Reams
Bonin	Heseltun	Rhodes, Ariz.
Bonner	Hess	Rhodes, Pa.
Boykin	Hillelson	Richards
Bramblett	Hillings	Riley
Brooks, Tex.	Holmes	Roberts
Brown, Ga.	Holt	Robison, Ky.
Broyhill	Jackson	Rogers, Colo.
Buchanan	Jarman	Rogers, Fla.
Burleson	Javits	Rogers, Mass.
Byrd	Johnson	Rooney
Byrne, Pa.	Jonas, N. C.	Sadlak
Byrnes, Wis.	Jones, Ala.	St. George
Camp	Jones, Mo.	Saylor
Campbell	Jones, N. C.	Scott
Canfield	Judd	Scudder
Cannon	Karsten, Mo.	Seely-Brown
Carnahan	Kean	Selden
Case	Kearns	Shelley
Chatham	Keating	Sheppard
Chelf	Kee	Shuford
Chipperfield	Kelley, Pa.	Simpson, Pa.
Cole, N. Y.	Kersten, Wis.	Smith, Miss.
Cole	Kilburn	Smith, Va.
Cooper	King, Calif.	Spence
Corbett	Kirwan	Springer
Cotton	Lantaff	Staggers
Crosser	LeCompte	Steed
Cunningham	Lesinski	Sullivan
Curtis, Mass.	Long	Taber
Curtis, Mo.	Lucas	Teague
Davis, Ga.	McCormack	Thompson, Tex.
Dawson, Utah	McMillan	Thornberry
Deane	Machrowicz	Tollefson
Dempsey	Madden	Trimble
Derounian	Magnuson	Vinson
Devereux	Mahon	Vorys
Dingell	Mailliard	Wainwright
Dondero	Marshall	Wampler
Dorn, N. Y.	Mathews	Warburton
Doyle	Meador	Watts
Eberharter	Merrill	Wickersham
Edmondson	Morrow	Widnall
Elliott	Metcalf	Wier
Engle	Miller, Calif.	Williams, N. Y.
Evins	Miller, Kans.	Wilson, Calif.
Fallon	Miller, Md.	Wilson, Ind.
Feighan	Mollohan	Wolcott
Fenton	Morrison	Wolverton
Fernandez	Moss	Yates
Forand	Moulder	Yorty
Ford	Murray	Young
Forrester	Norblad	Younger
Fountain	Oakman	Zablocki
Frazier	O'Brien, Ill.	
Freilighuysen	O'Hara, Ill.	
Friedel		

NAYS—109

Abernethy	Dowdy	Nicholson
Adair	Ellsworth	Norrell
Andersen,	Fisher	O'Brien, Mich.
H. Carl	Gavin	O'Hara, Minn.
Andrews	Geptry	O'Konski
Ashmore	Graham	Poff
Beamer	Gross	Reece, Tenn.
Belcher	Gwinn	Reed, N. Y.
Bennett, Mich.	Hagen, Minn.	Rees, Kans.
Bentley	Harrison, Wyo.	Regan
Bentsen	Hiestand	Rogers, Tex.
Berry	Hoeven	Schenck
Bishop	Hoffman, Ill.	Scrivner
Bow	Hoffman, Mich.	Secrest
Brooks, La.	Hosmer	Short
Brown, Ohio	Hunter	Simpson, Ill.
Brownson	Ikard	Small
Budge	Jenkins	Smith, Kans.
Burdick	Jensen	Smith, Wis.
Busbey	Jonas, Ill.	Stringfellow
Bush	King, Pa.	Sutton
Carlyle	Knox	Talle
Cederberg	Krueger	Thomas
Chenoweth	Laird	Thompson, La.
Church	Landrum	Thompson, Mich.
Clardy	Lovre	Utt
Clevenger	Lyle	Van Pelt
Cole, Mo.	McCulloch	Van Zandt
Colmer	McDonough	Vursell
Coon	McGregor	Walter
Crumpacker	McIntire	Wharton
Curtis, Nebr.	Mack, Wash.	Whitten
Dague	Martin, Iowa	Williams, Miss.
Davis, Wis.	Mason	Willis
D'Ewart	Mills	Wilson, Tex.
Dies	Neal	Withrow
Dorn, S. C.	Nelson	

NOT VOTING—101

Abbitt	Golden	Miller, Nebr.
Addonizio	Granahan	Miller, N. Y.
Andresen,	Green	Morano
August H.	Hand	Morgan
Ayres	Hardy	Multer
Bailey	Harrison, Nebr.	Mumma
Barden	Harrison, Va.	O'Brien, N. Y.
Barrett	Hart	Passman
Becker	Hays, Ohio	Patten
Bender	Hébert	Patterson
Betts	Heller	Philbin
Bosch	Hill	Phillips
Bowler	Hinshaw	Powell
Bray	Hollifield	Radwan
Buckley	Holtzman	Reed, Ill.
Carrigg	Hope	Riehlman
Celler	Horan	Rivers
Chudoff	Howell	Robeson, Va.
Condon	Hruska	Rodino
Cooley	Hyde	Roosevelt
Coudert	James	Scherer
Cretella	Kearney	Shafer
Davis, Tenn.	Kelly, N. Y.	Sheehan
Dawson, Ill.	Keogh	Sieminski
Delaney	Kilday	Sikes
Dodd	Klein	Stauffer
Dollinger	Kluczynski	Taylor
Dolliver	Lane	Tuck
Donohue	Lanham	Velde
Donovan	Latham	Weichel
Durham	McCarthy	Westland
Fine	McConnell	Wheeler
Fino	McVey	Wigglesworth
Fogarty	Mack, Ill.	Winstead

So the conference report was agreed to.

The Clerk announced the following pairs:

Mr. Wigglesworth with Mr. Delaney.
 Mr. Bender with Mr. Harrison of Virginia.
 Mr. Hill with Mr. Keogh.
 Mr. Shafer with Mr. Celler.
 Mr. Latham with Mr. Hébert.
 Mr. Weichel with Mr. Pine.
 Mr. Kearney with Mr. Fogarty.
 Mr. Sheehan with Mr. Klein.
 Mr. Taylor with Mr. Heller.
 Mr. Betts with Mr. Sikes.
 Mr. McVey with Mr. Dollinger.
 Mr. Dolliver with Mr. Addonizio.
 Mr. Miller of Nebraska with Mr. Rodino.
 Mr. Velde with Mrs. Kelly of New York.
 Mr. Becker with Mr. Buckley.
 Mr. Morano with Mr. Green.
 Mr. Fino with Mr. Granahan.
 Mr. Golden with Mr. Chudoff.
 Mr. Reed of Illinois with Mr. Barrett.
 Mr. Westland with Mr. Powell.

Mr. Hyde with Mr. Lanham.
 Mr. Ayres with Mr. Lane.
 Mr. McConnell with Mr. O'Brien of New York.

Mr. Coudert with Mr. Winstead.
 Mr. Cretella with Mr. Multer.
 Mr. Patterson with Mr. Roosevelt.
 Mr. Phillips with Mr. Sieminski.
 Mr. Hand with Mr. Hart.
 Mr. Bray with Mr. Howell.
 Mr. Carrigg with Mr. Hardy.
 Mr. Hruska with Mr. Durham.
 Mr. Hope with Mr. Cooley.
 Mr. Horan with Mr. Bailey.
 Mr. Stauffer with Mr. Barden.
 Mr. August H. Andresen, with Mr. McCarthy.
 Mr. Bosch with Mr. Kluczynski.
 Mr. Scherer with Mr. Morgan.
 Mr. Riehlman with Mr. Patten.
 Mr. James with Mr. Philbin.
 Mr. Miller of New York with Mr. Donohue.
 Mr. Radwan with Mr. Holtzman.
 Mr. Hinshaw with Mr. Dodd.

Mr. UTT changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

HELEN W. RUSSELL

Mr. LeCOMPTE. Mr. Speaker, I ask unanimous consent for the immediate consideration of a resolution (H. Res. 335) providing a gratuity for the widow of the late Sergeant at Arms, William F. Russell, which resolution was introduced by the gentleman from Pennsylvania [Mr. GRAHAM].

The SPEAKER. Is there objection to the request of the gentleman from Iowa? There was no objection.

The Clerk read the resolution, as follows:

Resolved, That there shall be paid out of the contingent fund of the House to Helen W. Russell, widow of William F. Russell, late Sergeant at Arms of the House of Representatives, an amount equal to 1 year's salary at the rate he was receiving at the time of his death, and an additional amount not to exceed \$350 toward defraying the funeral expenses of said William F. Russell.

The resolution was agreed to, and a motion to reconsider was laid on the table.

AMENDING RAILROAD RETIREMENT ACT

Mr. ALLEN of Illinois, from the Committee on Rules, reported the following privileged resolution (H. Res. 336, Rept. 776) which was referred to the House Calendar and ordered to be printed.

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 356) to amend the Railroad Retirement Act of 1937, as amended. After general debate, which shall be confined to the bill, and shall continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the committee shall rise and report the bill to the House with such amendments

as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

PROPAGANDA AGAINST ROBINSON-PATMAN ACT

The SPEAKER. Under previous order of the House, the gentleman from Texas [Mr. PATMAN] is recognized for 20 minutes.

Mr. PATMAN. Mr. Speaker, it is not unusual for a small-business man to be overpersuaded by big business propaganda against his own interests. It is not unusual for little fellows over the country to be misled and clamor for the repeal of a law that serves his best interests. We are all susceptible to such clever and devious methods that are used to deceive us. Oftentimes, we do not have information on the other side that would save us from falling into a trap, and having only one side, and it sounds logical and reasonable, we are inclined to believe it and go along with what is advocated.

I have just received a letter from a company in Dallas, Tex., that indicates there is a nationwide effort to fool the independent merchant, since I have received other letters from other sections of the country along the same line. The letter sounds very reasonable, and if the gentleman, Mr. B. R. Hoover, who wrote the letter, is correct, there is a lot to be said in favor of the viewpoint that he expresses. However, the premise upon which he bases his letter is unfounded and incorrect. The letter is as follows:

H. & S. Co.,
 Dallas, Tex., July 10, 1953.

The Honorable WRIGHT PATMAN,
 Washington, D. C.

DEAR CONGRESSMAN: I notice that you are very much against the Capehart act to allow retailers to meet the chainstore competition and I cannot understand your attitude as you claim to act in favor of the so-called small-business man.

Now, let's take an example. A store in the town of Mineral Wells, Tex., an independent drygoods retailer with one unit is confronted with a J. C. Penney Store with more than 1,500 units. Anyone with any business sense whatsoever can readily understand that this one-unit store can never hope to buy his goods at prices that will enable him to meet customer retail prices extended by the Penney store.

Now, if this independent store bands together with a number of other single-unit stores to create buying power to enable him to meet this chain competition, your Robinson-Patman Act says that this sort of deal is illegal and is operated in restraint of free trade.

It is my desire to clear this matter up once and for all, as I feel very strongly that the small, independent store is entitled to be given aid instead of restraint in his ever-increasing battle to retain his business from these multiple-chain stores.

I think that it will be best for us to band these independent stores into a group, buy newspaper pages to let the public know how their so-called knights of protection are protecting their interest.

At any rate, I would like very much to have your ideas on this. Are you in favor of allowing these multiple-unit chains

of the instrument and asked them to send me their opinions.

Mr. BRICKER. The letters which the Senator from Wisconsin placed in the RECORD were in response to a letter which he sent to them, as I understand.

Mr. WILEY. It was a form letter that was sent to all of them.

Mr. BRICKER. Yes.

Mr. WILEY. I shall be glad to place it in the RECORD also.

Mr. WILEY subsequently said: Mr. President, a few moments ago I was requested by the distinguished junior Senator from Ohio [Mr. BRICKER] to have printed in the RECORD a copy of a letter which was sent to the deans of the various law schools of the country. The letter was sent under the direction of the Senate Committee on Foreign Relations. In fact, I had not seen it until just a moment ago. But it is a very good letter. I ask unanimous consent that it be printed in the RECORD in connection with the various opinions which I today placed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

JUNE 24, 1953.

The Honorable DALE COFFMAN,
Dean, School of Law, University of
California, Los Angeles, Calif.

DEAR DEAN COFFMAN: As you know, the Senate Committee on the Judiciary recently reported Senate Joint Resolution 1 (83d Cong., 1st sess.), a modification of the so-called Bricker resolution, to the Senate and recommended its adoption. Four members filed minority views disagreeing with the majority report of the committee. The resolution, as reported, is titled "A bill proposing an amendment to the Constitution of the United States relating to the legal effect of certain treaties and executive agreements."

It is possible that this resolution will be considered by the Senate within the next few weeks, and I am most anxious that the Members of the Senate have before them the views of representatives of our great legal institutions as to whether the United States Constitution should be amended as proposed. I should appreciate it, therefore, if I might have as soon as possible your views as to the advisability of this action at this time.

The pending resolution is not before the Committee on Foreign Relations, of which I am chairman. In view of the heavy impact of the possible adoption of the proposed amendment upon the conduct of the foreign policy of the United States in these critical times, however, it seems essential to me that we plumb the depths of our legal learning and experience to determine whether the United States Senate should adopt this proposal.

I enclose a copy of the report of the Judiciary Committee together with the minority views.

Thank you for your assistance in this matter.

Sincerely yours,

ALEXANDER WILEY, Chairman.

CHILDREN'S FUND APPROPRIATIONS

Mr. WILEY. Mr. President, the pages of the CONGRESSIONAL RECORD have recorded my deep and continuing interest in the United Nations International Children's Emergency Fund.

It is a source of regret to me that the Senate-House conference committee on the mutual aid bill adopted the provision of the House bill appropriating \$9 million for UNICEF, rather than the appropriation of \$13 million for UNICEF, which was adopted by the Senate.

It is my earnest hope that at least the limited figure will be preserved in entirety in the 1954 appropriation bill which is now being prepared by the Senate Appropriations Committee.

It is my further hope that the Appropriations Committee will see fit to appropriate the full back funds—the \$9.8 million for UNICEF for the calendar year 1953. That figure had been urged by the previous administration.

Recently, under date of June 5, Mr. Roland R. Hughes, Assistant Director of the Bureau of the Budget, wrote to Congressman JOHN TABER, the distinguished chairman of the House Appropriations Committee:

The estimate for contributions to United Nations Children's Emergency Fund is based upon contributions actually received from other countries. If the supplemental appropriation is contributed, the United States share will be less than 33½ percent of the total, including contributions by recipient countries, as provided in the authorizing legislation.

Mr. President, I offer now certain fine letters which I have received from Mr. Eugene McCarthy, chairman of the national board of the Young Men's Christian Association, and from Mr. Wesley Rennie, a member of the executive committee of the national board of the YMCA, and incidentally who is also executive director for the Committee for Economic Development.

Finally, I include the text of a New York Times editorial on this issue.

I ask unanimous consent that all of these items be printed at this point in the body of the RECORD.

There being no objection, the matters were ordered to be printed in the RECORD, as follows:

NATIONAL COUNCIL OF THE
YOUNG MEN'S CHRISTIAN ASSOCIATIONS,
New York, N. Y., July 3, 1953.

The Honorable ALEXANDER WILEY,
Chairman, Foreign Relations Committee,
United States Senate,
Washington, D. C.

MY DEAR SENATOR WILEY: At a meeting of the executive committee of the national board of the Young Men's Christian Associations last week, attended by members from most parts of the country, we had a brief discussion on the program and financial needs of the United Nations International Children's Emergency Fund. Various members of our board and of our executive staff have the kind of continuing contacts that help us to know about the work of the fund in various parts of the world.

Because we were unanimous in our feeling that this United Nations enterprise merits the fullest possible support by the Government of the United States I was requested to express this conviction to you and your colleagues on behalf of the members of our executive committee.

Continuing financial support of the fund by the United States seems to us to be highly desirable.

Cordially yours,

EUGENE R. MCCARTHY,
Chairman, National Board.

COMMITTEE FOR ECONOMIC DEVELOPMENT,

New York, N. Y., July 8, 1953.

HON. ALEXANDER WILEY,
Chairman, Foreign Relations Committee,
United States Senate,
Washington, D. C.

DEAR SIR: I wish to associate myself with Eugene R. McCarthy, chairman, national board, YMCA, in the sentiments expressed in his letter of July 3. It happens that I am a member of the executive committee of the national board of YMCA's, and am serving also as chairman of the committee on public affairs of that organization. We are firmly convinced of the value of the United Nations International Children's Emergency Fund and we feel that continued financial support of the fund should be given by the United States.

We shall appreciate very much whatever you can do to bring about favorable consideration by Congress.

Sincerely yours,

WESLEY F. RENNIE,
Executive Director.

[From the New York Times of July 6, 1953]

THE CHILDREN'S FUND

It will take men of determination and sincerity to save the Children's Fund of the United Nations from disaster. On June 5 the Bureau of the Budget directed the House Appropriations Committee to reconsider the appropriation of \$9,800,000 to the fund—an appropriation pledged last year by the Truman administration, supported by the Eisenhower administration, and yet to be acted on by Congress. Representative JOHN TABER, chairman of the committee which is holding the bill, has indicated he intends now to have hearings on it "about July 10." But the fears of the fund's friends are that in the last rush of work the fund will be forgotten.

What is at stake if we do not come through with this small contribution (in reality, the residue of last year's pledge)?

This is at stake: This appropriation of \$9,800,000, which in large part has already been matched by other Governments, represents aid to approximately 19,600,000 children and pregnant and nursing mothers in a score of countries. It will mean the collapse of ongoing programs for malaria control, preventive tuberculosis measures, and maternal child-welfare centers throughout Latin America; in short, the collapse of all preventive medical work. Throughout Asia 1,000 child-welfare centers are at stake, and some 43 projects, ranging from a yaws campaign to milk conservation programs, face complete disaster.

Men of good will, inside Congress and out, should not allow this to happen. The appropriation has been whittled down to satisfy the most conservative tastes. It is to be assumed that everyone in Congress knows the amazing contribution that the Children's Fund has made to the world's children. Let them get on with the job, with our blessing and our contribution.

AID BY TRADE—PAPER BY E. J. BELL

Mr. MORSE. Mr. President, I ask unanimous consent to have printed in the body of the RECORD, at this point in my remarks, a paper entitled "Aid by Trade," prepared by E. J. Bell, administrator of the Oregon Wheat Commission of Pendleton, Oreg., for presentation at the Northwest Institute of International Relations, Reed College campus, Portland, Oreg., June 24, 1953.

There being no objection, the paper was ordered to be printed in the RECORD, as follows:

AID BY TRADE

(By E. J. Bell, administrator, Oregon Wheat Commission, Pendleton, Oreg.)

Since our topic for this morning's session is Key Policies of the Eisenhower Administration. I thought it would be helpful for us to review a few of the significant statements which have been made by President Eisenhower and members of his team since they took office on January 20.

First, there is the state of the Union message delivered by the President to Congress on February 2. In discussing foreign policy, he made the following as his sixth point:

"Our foreign policy will recognize the importance of profitable and equitable world trade.

"A substantial beginning can and should be made by our friends themselves. Europe, for example, is now marked by checkered areas of labor surplus and labor shortage, of agricultural areas needing machines and industrial areas needing food. Here and elsewhere we can hope that our friends will take the initiative in creating broader markets and more dependable currencies, to allow greater exchange of goods and services among themselves.

"Action along these lines can create an economic environment that will invite vital help from us. Such help includes:

"First. Revising our customs regulations to remove procedural obstacles to profitable trade. I further recommend that the Congress take the Reciprocal Trade Agreements Act under immediate study and extend it by appropriate legislation. This objective must not ignore legitimate safeguarding of domestic industries, agriculture, and labor standards. In all Executive study and recommendations on this problem, labor and management and farmers alike will be earnestly consulted.

Second. Doing whatever our Government can properly do to encourage the flow of private American investment abroad. This involves, as a serious and explicit purpose of our foreign policy, the encouragement of a hospitable climate for such investment in foreign nations.

"Third. Availing ourselves of facilities overseas for the economical production of manufactured articles, which are needed for mutual defense and which are not seriously competitive with our own normal peacetime production.

"Fourth. Receiving from the rest of the world, in equitable exchange for what we supply, greater amounts of important raw materials which we do not ourselves possess in adequate quantities."

On April 7 the President recommended to Congress that the Reciprocal Trade Agreements Act be renewed for 1 year. In this message the President emphasized that:

"Our trade policy is only one part, although a vital part, of a larger problem. This problem embraces the need to develop, through cooperative action among the free nations, a strong and self-supporting economic system capable of providing both the military strength to deter aggression and the rising productivity that can improve living standards."

In this message he went on to say:

"The building of a productive and strong economic system within the free world—one in which each country may better sustain itself through its own efforts—will require action by other governments, as well as by the United States, over a wide range of economic activities. These must include: Adoption of sound internal policies, creation of conditions fostering international investment, assistance to underdeveloped areas, progress toward freedom of international payments and convertibility of currencies and trade arrangements aimed at the widest possible multilateral trade.

"In working toward these goals, our own trade policy as well as that of other coun-

tries should contribute to the highest possible level of trade on a basis that is profitable and equitable for all. The world must achieve an expanding trade, balanced at high levels, which will permit each nation to make its full contribution to the progress of the free world's economy and to share fully the benefits of this progress."

On April 11, the President made the following statement in a letter which he addressed to Mrs. John G. Lee, President of the League of Women Voters of the United States:

"In our own country we have practiced the doctrine of expanding production and trade through the free enterprise system. As we are manifestly interested in maintaining markets for our goods, so we must work steadfastly at the task of widening the opportunities of foreign nations to earn the dollars to pay for those goods. We are the world's greatest creditor nation. Debtor nations can pay us only if they can sell to us. They can sell to us only if we buy from them. By recognizing these basic facts, we can clearly demonstrate that we are prepared to practice both what we preach and what we expect of others. Only thus can we convince the free world that expanded trade and lessened restrictions are vital elements in our common defense of freedom and our common struggle for world peace."

Again, on April 16 when he addressed the American Society of Newspaper Editors, the President said:

"The peace we seek, founded upon decent trust and cooperative effort among nations, can be fortified, not by weapons of war but by wheat and by cotton, by milk and by wool, by meat and by timber and by rice. These are words that translate into every language on earth. These are needs that challenge this world in arms."

Meanwhile, members of the President's Cabinet have made some very forceful and significant statements pointing out the necessity for the United States to promote free exchange of goods and services throughout the world as a basis for economic stability and world peace. The Secretary of Agriculture appeared before the Senate Committee on Agriculture and Forestry on April 9 and emphasized the general advantages of specialization and trade. He pointed out the importance of agricultural exports of wheat, rice, cotton, tobacco, fruits, fats and oils, and the necessity of providing means whereby our customers abroad can earn the dollars with which to pay for the things the United States has to sell.

The Assistant Secretary of Commerce for International Affairs, Mr. Samuel W. Anderson, has made a number of speeches in different parts of the country in which he has presented some very definite factual evidence of the importance of trade to the United States. Mr. Anderson has compiled the following figures which are quite significant: During the 7 years—1946 through 1952, total exports of goods and services from the United States amounted to \$123 billion. During this same period, the United States imported goods and services from other sources in the world in the amount of \$78 billion. This represented a deficit of \$45 billion in that 7-year period. This is the amount by which sales by other countries to the United States failed to pay for the goods and services they bought from us. In order to fill this dollar gap, our friends abroad used up about \$2 billion of their own reserves. They were able to obtain an addition \$11 billion from non-Government sources including loans from the World Bank, International Monetary Fund and private loans and investments. The remaining gap is still substantial. Including certain unreconcilable errors in figures, it represents approximately \$36 billion of United States Government assistance, mostly in the form of unrequited grants-in-aid. This includes the original interim aid

program prior to the Marshall plan, about \$12 billions during the Marshall plan period, and, in the last few years, our still extensive aid programs. Mr. Anderson goes on to make the following statement with reference to this \$36 billion which the United States gave to other countries during the 7 years—1946 through 1952:

"The 36 billions which we, in effect, gave to our friends abroad was, I know you will agree, a very worthwhile investment and, as Mr. Paul Hoffman is accustomed to say, it represents about the cheapest bargain this country ever bought. I think there is little doubt that it gave to the world freedom from a Communist-dominated France and Italy as a minimum, and gave to our Western European friends the essential opportunity to rebuild their economies and their production, which is 30 percent to 40 percent higher than it was before World War II. Without this assistance from the United States, I personally would guess that the international position of our country, both economically and politically, would be vastly less satisfactory than it is now. We might indeed even be fighting World War III at this time had we withheld this assistance to Europe and elsewhere.

"Nevertheless, it is a huge amount representing as it does about \$230 for every man, woman and child living in the United States today. If it had not been necessary, out taxes would certainly have been lower than they were."

I believe I have said enough to indicate that the Eisenhower administration is very definitely on record favoring the reduction in tariffs and other restrictions against the importation of goods and services into the United States so that other countries can earn the dollars which they need instead of obtaining those dollars in the form of grants which come from the taxpayers of the United States.

As I read these statements and other material which is being presented at this time, I am prompted to raise two questions for your consideration: First, will the American people permit the Eisenhower administration to put these policies into effect? Second, if the United States removed all tariffs and other restrictions against imports, would other nations be able to sell enough goods and services into the dollar area to close the dollar gap?

There are many instances which indicate that the people of the United States have not as yet fully accepted the principles of free enterprise as related to international trade. Manufacturers of many items and many agricultural groups still resist vigorously any importation of competing products. I am not prepared to say that this is unwise from the standpoint of the groups affected. I merely point out that while it is one thing to talk in generalities about enabling our friends abroad to earn dollars, it is quite another thing for a citizen of Oregon, for example, to suggest that we permit them to earn those dollars by the importation of wool, meat, nuts, and dairy products. It is easy enough for a farmer in the West to suggest importation of manufactured articles, but it is quite another thing for a Congressman from a New England manufacturing district to support such a policy.

I recently read a rather significant letter to the editor of the New York Times from Marx Lewis, general secretary-treasurer, United Hatters, Cap, and Millinery Workers International Union. In this letter Mr. Lewis refers to the editorial policy of the New York Times as repeating the "traditional arguments of those who have swallowed—hook, line, and sinker—the slogan of 'trade, not aid.'" He speaks of the hazards to American manufacturers and to the millions of workers in the smaller industries. He states that the smaller industries would be willing to bear their full share of whatever burden or sacrifice might be involved

Public Law 118 - 83d Congress
Chapter 195 - 1st Session
H. R. 5710

AN ACT

To amend further the Mutual Security Act of 1951, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Mutual Security Act of 1953". "Mutual Security Act of 1953."

CHAPTER I—MILITARY ASSISTANCE

SEC. 101. AUTHORIZATION OF APPROPRIATION.—The Mutual Security Act of 1951, as amended, is amended by adding at the end thereof the following new section: 65 Stat. 373.
22 USC 1651
note.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 540. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$2,129,689,870 to be available under section 101 (a) (1) (relating to military assistance for Europe): *Provided*, That of the equipment and materials made available under section 101 (a) (1) with funds appropriated pursuant to the authorization contained in this section, 50 per centum shall be transferred to the organization referred to in clause (C) of section 2 (b) or to the countries which become members thereof, unless the Congress, upon the recommendation of the President, shall hereafter otherwise provide; \$305,212,637 to be available under section 201 (relating to military assistance for the Near East and Africa): \$1,081,620,493 to be available under section 301 (relating to military and other assistance for Asia and the Pacific); and \$15,000,000 to be available under section 401 (relating to military assistance for Latin America)."

Post, p. 156.
66 Stat. 141.
22 USC 1651(b).
22 USC 1691.
22 USC 1701.
22 USC 1711.

CHAPTER II—MUTUAL DEFENSE FINANCING

SEC. 201. AUTHORIZATION OF APPROPRIATIONS.—(a) The Mutual Security Act of 1951, as amended, is amended by adding after section 540 the following new section:

"SEC. 541. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$250,000,000 to carry out the provisions of section 101 (a) (2) (relating to defense support and economic assistance for Europe), and not to exceed \$84,000,000 to carry out the provisions of section 302 (a) (relating to defense support, economic and technical assistance), including the exploration and development of mineral and petroleum resources, for the National Government of the Republic of China and the Associated States of Cambodia, Laos, and Vietnam." 67 Stat. 152.
67 Stat. 153.

(b) Such Act, as amended, is further amended by inserting after section 101 the following new section: 22 USC 1681.

"SEC. 102. There is hereby authorized to be appropriated to the President for the fiscal year 1954, to be made available on such terms and conditions, including transfer of funds, as he may specify, (1) not to exceed \$100,000,000 for manufacture in France of artillery, ammunition, and semiautomatic weapons required by French forces for the defense of the North Atlantic area, and (2) not to exceed \$100,000,000 for manufacture in the United Kingdom of military aircraft required by United Kingdom forces for the defense of the North Atlantic area."

(c) Such Act, as amended, is further amended by inserting after section 303 the following new section: 22 USC 1703.

Cambodia, etc. "SEC. 304. There is hereby authorized to be appropriated to the President for the fiscal year 1954, to be made available on such terms and conditions, including transfer of funds, as he may specify, not to exceed \$400,000,000 for the procurement of equipment, materials, and services (as defined in section 411 of the Mutual Defense Assistance Act of 1949, as amended) which are required by and are to be made available to, or are necessary for the support of, the forces of the Associated States of Cambodia, Laos, and Vietnam and the forces of France located in such Associated States."

Post, p. 161.

CHAPTER III—MUTUAL SPECIAL WEAPONS PLANNING

SEC. 301. AUTHORIZATION OF APPROPRIATION.—The Mutual Security Act of 1951, as amended, is amended by adding after section 541 the following new section:

"SEC. 542. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$100,000,000 for the purpose of furnishing special weapons to nations eligible to receive military assistance under this Act or to the international organizations referred to in section 2 (b) (A) and 2 (b) (C) of this Act: *Provided*, That, prior to the obligation of funds for this purpose, the President shall determine that such obligation is of direct importance to the security interest of the United States and is in furtherance of the policies and purposes of the Mutual Defense Assistance Act of 1949, as amended: *And provided further*, That, prior to the transfer of such weapons, the President shall determine (1) that the recipient is adequately prepared to safeguard the security of such weapons; (2) that the transfer of such weapons will be of direct importance to the security interest of the United States; and (3) that such transfer will further the purposes and policies of the Mutual Defense Assistance Act of 1949, as amended. Nothing contained in this section shall alter, amend, revoke, repeal, or otherwise affect the provisions of any law restricting, limiting, or prohibiting the transfer of any such weapons. Notwithstanding any other provisions of this Act, funds made available pursuant to this section may be used only for the purpose of this section."

22 USC 1651.

Post, p. 160.

CHAPTER IV—TECHNICAL ASSISTANCE

SEC. 401. AUTHORIZATION OF APPROPRIATION.—The Mutual Security Act of 1951, as amended, is amended by adding after section 542 the following new section:

"SEC. 543. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$43,792,500 to carry out the provisions of section 203 (relating to economic and technical assistance for the Near East and Africa); \$72,100,000 to carry out the provisions of section 302 (a) (relating to defense support, economic and technical assistance) other than for the National Government of the Republic of China and the Associated States of Cambodia, Laos, and Vietnam; and \$24,342,000 to carry out the provisions of section 402 (relating to technical assistance for Latin America)."

67 Stat. 153.

67 Stat. 154.

22 USC 1693.

Post, p. 156.

22 USC 1712.

SEC. 402. AUTHORIZATION OF APPROPRIATION FOR BASIC MATERIALS.—Section 514 (relating to basic materials) of the Mutual Security Act of 1951, as amended, is amended by adding at the end thereof the following sentence: "There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$7,500,000 to carry out the provisions of this section."

22 USC 1665.

CHAPTER V—SPECIAL REGIONAL ECONOMIC ASSISTANCE

SEC. 501. NEAR EAST AND AFRICA.—Section 206 (relating to refugees) of the Mutual Security Act of 1951, as amended, is amended to read as follows: 66 Stat. 142.
22 USC 1696.

“SEC. 206. In order to further the purpose of this Act in the Near East and Africa, there is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$194,000,000 to be used, on such terms and conditions as he may specify, to furnish special economic assistance designed to promote the economic development of the area, for relief and rehabilitation of refugees in the area, and for other types of economic assistance to assist in maintaining economic and political stability in the area. The applicable provisions of the Act for International Development (64 Stat. 204; 22 U. S. C. 1557), except the provisions relating to the purpose for which assistance may be given, or of section 503 (b) (3) of this Act, shall apply to the expenditure of funds pursuant to this section to the extent that they are not inconsistent with the purposes of this section.” 66 Stat. 144.
22 USC 1654.

SEC. 502. INDIA AND PAKISTAN.—Section 302 (relating to economic and technical assistance for Asia and the Pacific) of the Mutual Security Act of 1951, as amended, is amended by redesignating subsection (b) as subsection (c), and by inserting after subsection (a) the following new subsection (b): 22 USC 1702.

“(b) In order to further the purpose of this Act in India and Pakistan, there is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$94,400,000 to be used, on such terms and conditions as he may specify, to furnish special economic assistance designed to promote the economic development of such countries, to assist in maintaining economic and political stability therein, and to enable the countries designated in this subsection to make greater progress toward solving their mutual problems in cooperation with each other. The applicable provisions of the Act for International Development, except the provisions relating to the purpose for which assistance may be given, or of section 503 (b) (3) of this Act, shall apply to the expenditure of funds pursuant to this section to the extent that they are not inconsistent with the purposes of this section.” 22 USC 1557 note.
22 USC 1654.

CHAPTER VI—MULTILATERAL ORGANIZATIONS

SEC. 601. MOVEMENT OF MIGRANTS.—Section 534 (relating to the movement of migrants) of the Mutual Security Act of 1951, as amended, is amended by adding at the end thereof the following new sentence: “There is hereby authorized to be appropriated to the President not to exceed \$10,000,000 for contributions during the calendar year 1954 to the Intergovernmental Committee for European Migration.” 66 Stat. 147.
22 USC 1675c.
67 Stat. 154.
67 Stat. 155.

SEC. 602. MULTILATERAL TECHNICAL COOPERATION.—The Mutual Security Act of 1951, as amended, is amended by adding after section 543 the following new section:

“SEC. 544. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$13,750,000 for multilateral technical cooperation under section 404 (b) of the Act for International Development.”

SEC. 603. CHILDREN'S WELFARE.—The Mutual Security Act of 1951, as amended, is amended by adding after section 544 the following new section: 64 Stat. 205.
22 USC 1557b.

“SEC. 545. There is hereby authorized to be appropriated to the President not to exceed \$9,000,000 for contributions during the cal-

endar year 1954 for the support of international children's welfare work in such manner and on such terms and conditions as he may deem to be in the interests of the United States."

SEC. 604. OCEAN FREIGHT ON RELIEF SHIPMENTS.—Section 535 (relating to the payment of ocean freight charges on voluntary relief shipments) of the Mutual Security Act of 1951, as amended, is amended by adding at the end thereof the following new sentence: "There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$1,825,000 for use in paying ocean freight charges under section 117 (c) of the Economic Cooperation Act of 1948, as amended."

SEC. 605. UNITED NATIONS KOREAN RECONSTRUCTION AGENCY.—Section 303 (a) (relating to Korean relief) of the Mutual Security Act of 1951, as amended, is amended as follows:

(a) Add at the end the following new sentence: "There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$71,000,000 for making contributions to the United Nations Korean Reconstruction Agency, or such other agency for relief and rehabilitation in Korea as the President may direct."

(b) In the third sentence, strike out "\$67,500,000" and insert in lieu thereof "\$40,750,000".

CHAPTER VII—FURTHER CHANGES IN EXISTING MUTUAL SECURITY LEGISLATION

SEC. 701. TRANSFERS OF FUNDS.—(a) Section 101 (b) of the Mutual Security Act of 1951, as amended, is amended to read as follows:

"(b) Not to exceed 10 per centum of the total of the appropriations made available under this section may be transferred, when determined by the President to be necessary for the purpose of this Act, between appropriations made available under either paragraph of subsection (a): *Provided*, That whenever the President makes any such determination, he shall forthwith notify the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives, and the Committees on Armed Services of the Senate and of the House of Representatives."

(b) Section 202 of such Act, as amended, is amended by striking out "(excluding balances of prior appropriations continued available) pursuant to section 201" and inserting in lieu thereof "under section 201".

(c) The first sentence of section 513 (a) of such Act, as amended, is amended to read as follows: "Whenever the President determines it to be necessary for the purpose of this Act, funds made available under sections 101 (a) (1), 201, 301, and 401 may be transferred among such sections, except that not more than 10 per centum of the funds available under any such section may be transferred from that section; and funds made available under sections 101 (a) (2), 203, 302 (a), and 402 may be transferred among such sections, except that not more than 10 per centum of the funds available under any such section may be transferred from that section. Funds so transferred shall be consolidated with the funds available under the section to which they are transferred."

SEC. 702. UNEXPENDED BALANCES.—The Mutual Security Act of 1951, as amended, is amended by adding after section 545 the following new section:

"UNEXPENDED BALANCES

"SEC. 546. The unexpended balance under each paragraph of title III, Mutual Security, of the Supplemental Appropriation Act, 1953, is hereby authorized to be continued available for its original purposes

66 Stat. 147.
22 USC 1675d.

62 Stat. 153.
22 USC 1515.

22 USC 1703.

22 USC 1681.

Congressional
Committees.
Notification.

22 USC 1692.

22 USC 1691.

22 USC 1664.

67 Stat. 155.

67 Stat. 156.

22 USC 1681,
1691, 1701,
1711.

22 USC 1681,
1693, 1702,
1712.

66 Stat. 652.

through June 30, 1954, and may be consolidated with the appropriate fiscal year 1954 appropriation made for the same general purpose under the authority of this Act."

SEC. 703. ESCAPEES.—Paragraph 101 (a) (1) of title I (relating to Europe) of the Mutual Security Act of 1951, as amended, is amended 22 USC 1681.
(1) by deleting the word "similarly" before the word "determined";
(2) by inserting "or any Communist-dominated or Communist-occupied areas of Asia" immediately after "Austria," and before "and any other countries absorbed by the Soviet Union", and (3) by striking out "and to the security of the United States" and inserting in lieu thereof "or to the security of the United States".

SEC. 704. MILITARY AID IN THE NEAR EAST AND AFRICA.—Section 202 of the Mutual Security Act of 1951, as amended, is amended by 22 USC 1692.
inserting "(a)" after "Sec. 202.", and by adding at the end thereof the following new subsection:

"(b) There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$50,000,000 to be available, whenever the President determines that such action is essential for the purpose of this Act, in order to provide assistance, pursuant to the provisions of the Mutual Defense Assistance Act of 1949, as amended, in the area of the Near East and Africa. Such assistance may be furnished to any organization created pursuant to a regional defense arrangement in the area, to any nation in the general area participating in such an arrangement, or to any other nation in the general area which the President determines to be of direct importance to the defense of the area and whose increased ability to defend itself the President determines to be important to the security of the United States (any such determination to be reported forthwith to the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives, and the Committees on Armed Services of the Senate and of the House of Representatives). No assistance shall be furnished under this subsection unless the recipient nation has agreed (1) that the equipment, materials, or services provided will be used solely to maintain its internal security, its legitimate self-defense, or to permit it to participate in the defense of the area, or in United Nations collective security arrangements and measures, and (2) that it will not undertake any act of aggression against any other nation." Post, p. 160.

Report to
Congressional
Committees.

SEC. 705. AUTHORITY FOR ASSISTANCE TO KOREA.—The first sentence of section 302 (a) (relating to economic aid and technical assistance) of the Mutual Security Act of 1951, as amended, is amended by striking out "(but not including the Republic of Korea)". 22 USC 1702.
67 Stat. 156.

SEC. 706. Title V (relating to organization and general provisions) of the Mutual Security Act of 1951, as amended, is further amended as follows: 67 Stat. 157.

(a) PERSONNEL CEILING EXEMPTION FOR NEW MILITARY ASSISTANCE PROGRAMS.—Amend section 504 (d) (relating to reduction in personnel) to read as follows: 22 USC 1655.

"(d) (1) Ninety days after the enactment of the Mutual Security Act of 1952, the number of civilian employees who are United States citizens, receiving compensation or allowances from the administrative expense appropriations authorized by this Act, employed in the United States and overseas by or assigned to the Mutual Security Agency, or employed by or assigned to the Department of State or the Department of Defense for carrying out programs the appropriations for which are authorized by this Act, and the military personnel assigned to such programs, shall be in the aggregate at least 5 per centum less than the number so employed or assigned on June 1, 1952, except for such personnel of the Department of Defense engaged in 66 Stat. 141.
22 USC 1651
note.

the manufacturing, repair, rehabilitation, packing, handling, crating, or delivery of materiel.

"(2) One hundred twenty days after the enactment of the Mutual Security Act of 1953, the number of civilian employees who are United States citizens, receiving compensation or allowances from the administrative expense appropriations authorized by this Act, employed in the United States and overseas by or assigned to the Director for Mutual Security or the Mutual Security Agency or employed by or assigned to the Department of State or the Department of Defense and other participating agencies for carrying out programs the appropriations for which are authorized by this Act shall be in the aggregate at least 10 per centum less than the number so employed or assigned to comparable positions on January 31, 1953, except for such personnel of the Department of Defense engaged in the manufacturing, repair, rehabilitation, packing, handling, crating, or delivery of materiel.

"(3) After the Director has determined the reduction to be effected in each agency under paragraph (2), the determination as to which individual employee shall be retained shall be made by the head of the agency concerned.

"(4) The Director for Mutual Security shall cause studies to be made from time to time for the purpose of determining whether further reductions in personnel are feasible and consistent with the accomplishment of the purposes of this Act.

"(5) After July 1, 1953, the following categories of civilian employees and military personnel carrying out programs under the Mutual Defense Assistance Act of 1949, as amended, shall be in addition to the personnel ceiling established under paragraph (2) of this subsection:

"(A) Civilian employees and military personnel carrying out such programs in the Associated States of Cambodia, Laos, and Vietnam, over and above the number so engaged before July 1, 1953.

"(B) Civilian employees and military personnel carrying out such programs for any countries in which no such programs were in operation on July 1, 1953,

"(C) Civilian employees and military personnel carrying out such programs for international organizations and headquarters established after July 1, 1953."

(b) SPECIAL USE OF FUNDS.—Amend section 513 (b) (relating to special use of funds) to read as follows:

"(B) Not more than \$100,000,000 of the funds made available under this Act, of which not more than \$20,000,000 may be allocated to any one country, may be used in any fiscal year by the President, to be expended, without regard to the requirements of this Act, or any other Act for which funds are authorized by this Act, in furtherance of the purposes of such Acts, when the President determines that such use is important to the security of the United States. The President shall notify the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives upon making any such determination."

(c) GUARANTIES.—Amend section 520 (relating to investment guaranties) to read as follows:

"GUARANTIES

"SEC. 520. Funds realized from the sales of notes pursuant to section 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, shall be available for making guaranties of investments in accordance with the applicable provisions of sections 111 (b) (3) and 111 (c) (2)

Post, p. 160.

66 Stat. 145.
22 USC 1664.

67 Stat. 157.
67 Stat. 158.

Congressional
Committees.
Notification.

22 USC 1671.

66 Stat. 146.
22 USC 1509.
Post, p. 161.

of the Economic Cooperation Act of 1948, as amended, in any country with which the United States has agreed to institute the guaranty program, notwithstanding the provisions of section 511 of this Act." 22 USC 1662.

(d) **TERMINATION OF PROGRAM.**—Amend section 530 (relating to the expiration of the Mutual Security Program) by striking out "twelve months" and "twelve-month" wherever appearing therein and inserting in lieu thereof "twenty-four months" and "twenty-four-month", respectively, and by inserting before the period at the end of subsection (a) the following: "*Provided*, That such part of the equipment, materials, and services referred to above as is to be transferred to recipient countries under the Mutual Defense Assistance Act of 1949, as amended, or the Act of May 22, 1947, as amended, may be so transferred until June 30, 1957, and that part of the funds referred to above which is appropriated to carry out such Acts may be obligated for the purposes set forth above, and for liquidating operations under this proviso, until June 30, 1957: *Provided*, That guaranties authorized under section 111 (b) (3) of the Economic Cooperation Act of 1948, as amended, may be issued until June 30, 1957, out of any funds remaining available for that purpose". 22 USC 1675. Post, p. 160. 61 Stat. 103. 22 USC 1401-1410. Post, p. 161.

(e) **UNDERDEVELOPED AREAS.**—Add after section 546 the following new section:

"UNDERDEVELOPED AREAS

"SEC. 547. Whenever funds are made available under this Act for assistance, other than military assistance, to any economically underdeveloped area, such funds may be used under the applicable provisions of section 503 (b) (3) or the applicable provisions of the Act for International Development. Where administrative arrangements, including provisions relating to compensation and allowances of personnel, authorized under section 503 (b) (3), differ from those authorized by the Act for International Development, the Director may make use of arrangements authorized under either statute, in carrying out such programs, except that before extending the provisions of section 109 (a) of the Economic Cooperation Act of 1948, as amended, to countries in which programs authorized under the Act for International Development are being carried out, the Director will secure the approval of the Secretary of State." 66 Stat. 144. 22 USC 1654. 64 Stat. 204. 22 USC 1557 note. 22 USC 1507.

(f) **USE OF LOCAL CURRENCY.**—

(1) Strike out the next to the last sentence of section 521 (relating to administrative expenses). 22 USC 1672. 67 Stat. 158.

(2) Add after section 547 the following new section: 67 Stat. 159.

"UNITED STATES USE OF FOREIGN CURRENCY

"SEC. 548. (a) The several amounts otherwise authorized by this Act to be appropriated are authorized to be increased by amounts which shall not, in the aggregate, exceed \$98,396,000.

"(b) Amounts appropriated pursuant to any authorization contained in this Act are authorized to be made available for purchase of foreign currencies (including foreign currencies or credits owed to or owned by the United States): *Provided*, That such currencies or credits are authorized to be made available for use, without reimbursement to the Treasury, for liquidation of obligations legally incurred against such currencies prior to July 1, 1953."

(g) **NEAR EAST REFUGEES.**—Add after section 548 the following new section:

"NEAR EAST REFUGEES

Report to
Congress.

"SEC. 549. (a) In order to contribute to the peace and stability of the Near East in particular and of the world in general, the Director for Mutual Security shall, in consultation with the Secretary of State, make a survey of the refugee situation in the Near East and report the results of the survey to the Congress within one hundred fifty days after the Mutual Security Act of 1953 is enacted, together with recommendations for seeking a solution. In the making of such report and recommendations, especial consideration shall be given to a program which would utilize the services and talents of these refugees to develop and expand the resources of the area, including its water resources.

"(b) In carrying out his duties under this section, the Director for Mutual Security shall consult with the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives, and shall keep these committees constantly and fully informed of the action which he takes to carry out the provisions of this section."

(h) USE OF SURPLUS AGRICULTURAL COMMODITIES.—Add after section 549 the following new section:

"USE OF SURPLUS AGRICULTURAL COMMODITIES

"SEC. 550. (a) Not less than \$100,000,000 and not more than \$250,000,000 of the funds authorized to be appropriated under this Act, shall be used, directly or indirectly, to finance the purchase of surplus agricultural commodities, or products thereof, produced in the United States.

Agreements.

"(b) The President is authorized to enter into agreements with friendly countries for the sale and export of such surplus agricultural commodities under conditions negotiated by him with such countries and to accept in payment therefor local currency for the account of the United States. In negotiating agreements for the sale of such commodities, the President shall—

"(1) take special precaution to safeguard against the substitution or displacement of usual marketings of the United States or friendly countries, and to assure to the maximum extent practicable that sales prices of such commodities are consistent with maximum world market prices of like commodities of similar quality, and to obtain the recommendations of the Secretary of Agriculture in carrying out the provisions of this subsection;

"(2) use private trade channels to the maximum extent practicable;

"(3) give appropriate emphasis to underdeveloped and new market areas;

"(4) obtain assurance that the purchasing countries will not resell or transship to other countries or use for other than domestic consumption commodities purchased under this program without specific approval by the President.

"(c) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President shall use the proceeds of such sales for the purpose of this Act, giving particular regard to the following purposes—

"(1) for providing military assistance to countries or mutual defense organizations eligible to receive assistance under this Act;

"(2) for purchase of goods or services in friendly countries;

"(3) for loans, under applicable provisions of this Act, to increase production of goods or services, including strategic materials, needed in any country with which an agreement was negotiated, or in other friendly countries, with the authority to

67 Stat. 159.

67 Stat. 160.

66 Stat. 662.

31 USC 724.

use currencies received in repayment for the purposes stated in this section or for deposit to the general account of the Treasury of the United States;

"(4) for developing new markets on a mutually beneficial basis;

"(5) for grants-in-aid to increase production for domestic needs in friendly countries;

"(6) for purchasing materials for United States stockpiles. 7

"(d) In carrying out the provisions of this section, the President shall take special precaution to safeguard against the displacement of foreign exchange earnings which would otherwise accrue to the United States or any friendly nations.

"(e) The President is authorized to enter into such agreements with third countries receiving goods accruing from the proceeds of sales made pursuant to this section as he deems necessary to effectuate the purpose of this Act."

SEC. 707. The Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1571-1604), is further amended as follows:

63 Stat. 714.

(a) EXCESS EQUIPMENT.—Immediately before the period in the next to last sentence of section 403 (d) (relating to limitation on furnishing of excess equipment), insert a comma and the following: "and after June 30, 1953, by an additional \$200,000,000".

22 USC 1574.

(b) SALES OF MILITARY EQUIPMENT.—Strike out the word "The" where it appears at the beginning of section 408 (e) (1) (relating to sales of military equipment) and insert in lieu thereof the following: "Notwithstanding the provisions of section 530 (a) of the Mutual Security Act of 1951, as amended, the".

64 Stat. 376.

22 USC 1580.

Ante, p. 158.

(c) DEPENDABLE UNDERTAKING PROCEDURE.—Amend the last sentence of section 408 (e) (2) (relating to sales of military equipment) to read as follows: "Before a contract is entered into, or rehabilitation work is undertaken, such nation, or international military organization or headquarters, shall (A) provide the United States with a dependable undertaking to pay the full amount of such contract or the cost of such rehabilitation which will assure the United States against any loss on the contract, or rehabilitation work, and (B) shall make funds available in such amounts and at such times as may be necessary to meet the payments required by the contract or the rehabilitation work in advance of the time such payments are due, in addition to the estimated amount of any damages and costs that may accrue from the cancellation of such contract or rehabilitation work: *Provided*, That the total amount of outstanding contracts under this subsection, less the amounts which have been paid to the United States by such nations, shall at no time exceed \$700,000,000."

22 USC 1580.

67 Stat. 160.

67 Stat. 161.

(d) LOANS OF EQUIPMENT.—Amend section 411 (d) (containing definitions) to read as follows:

22 USC 1583.

"(d) The term 'services' shall include any service, repair, training of personnel, or technical or other assistance or information necessary to effectuate the purposes of this Act, including loans of limited quantities of equipment for designated periods solely for test and study purposes."

"Services."

SEC. 708. The remaining provisions of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1503-1519), are further amended as follows:

62 Stat. 137.

(a) TERM OF GUARANTIES.—Amend section 111 (b) (3) (relating to guaranties) by striking out "which guaranties shall terminate not later than fourteen years from the date of enactment of this Act", and by inserting in lieu thereof "which guaranties shall be limited to terms not exceeding twenty years from the date of issuance".

22 USC 1509.

All 67 Stat. 161.

(b) COUNTERPART LOANS.—Amend the last proviso of section 115 (b) (6) (relating to counterpart funds) to read as follows: “*And provided further*, That whenever funds from such special account are used by a country to make loans, all funds received in repayment of such loans prior to termination of assistance to such country shall be reused only for such purposes as shall have been agreed to between the country and the Government of the United States.”

(c) USE OF LOCAL CURRENCY.—Amend section 115 (h) by striking out “including” and inserting in lieu thereof the following: “and, without regard to section 1415 of the Supplemental Appropriations Act, 1953, for”.

SEC. 709. UNITED NATIONS TECHNICAL COOPERATION PROGRAMS.—Amend the last proviso in section 404 (b) of the Act for International Development by striking out the word “fiscal” and inserting in lieu thereof the word “calendar”.

SEC. 710. AMENDMENT AND REPEAL OF CERTAIN PROVISIONS.—(a) (1) Section 516 (a) of the Mutual Security Act of 1951, as amended, is amended to read as follows:

“(a) The Congress recognizes the vital role of free enterprise in achieving rising levels of production and standards of living essential to the economic progress and defensive strength of the free world. Accordingly, it is declared to be the policy of the United States, in furtherance of the objectives of this Act, to encourage the efforts of other free countries in fostering private initiative and competition, in discouraging monopolistic practices, in improving the technical efficiency of their industry, agriculture, and commerce, and in the strengthening of free labor unions; and to encourage American enterprise in contributing to the economic strength of other free countries through private investment abroad and the exchange of ideas and technical information on the matters covered by this subsection.”

(2) Section 516 (b) of such Act, as amended, is amended by striking out the words “To accomplish the purpose of clause (1) of subsection (a) of this section, under” and inserting in lieu thereof the word “Under”.

(b) Section 115 (k) of the Economic Cooperation Act of 1948, as amended, is repealed. Nothing in this subsection shall be construed to prevent the carrying out of any commitment or agreement entered into pursuant to such section 115 (k) prior to the date of enactment of this Act.

Approved July 16, 1953.

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